MONDAY SPORTS
NBA PLAYOFFS
Page 21

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Andorra ...8.50 F. Iceland ...175 IcKr Oman ... 1.000 Rials
Antilles ...10 F.F. Iran ...115 Rials Poland ... 15.000 Zl.
Austria ...25 S. Israel ...NIS. 4.50 Portugal ... 180 Esc.
Bahrain ...0.800 Din Italy ...2.200 Lire Qatar ... 8.00 Rials
Belgium ...55 B.Fr. Jordan ... 1 JD Reg. of Ireland 90 P
Cyprus ...C.£ 1.00 Kenya ... Shs. 45 Reunion ... 10 F F
Czechoslovakia 35 Kr Kuwait ... 500 Fils Saudi Arabia 8.00 R
Denmark 12.00 D.Kr Lebanon ...U.S.$1.10 Spain ... 175 Ptas
Egypt ...E.P. 4.500 Libya ... L.Din. 0.60 Sweden 11.00 S Kr
Finland ...10.00 F.M. Luxembourg 55 L.Fr Switzerland 2.80 S Fr
France ...8.50 F Madeira ... 185 Esc. Tunisia ... 1.000 Din
Germany ...3.00 D.M. Morocco ...11.00 Dh Turkey ... T.L. 6.500
Great Britain ...0.75 Netherlands 3.25 Fl. U.A.E. ...8.50 Dirh
Greece ...200 Dr. Norway ...12.00 N kr U.S.S.R. ...U.S.$2.00
Hungary ...115 Fl. Nigeria ...16.00 Naira U.S. Mil. (Eur.) $1.00
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Bush: No Sign of Heart Damage, Eager to Return

'Don't Worry About Me,' He Says, As Doctors Act to Regulate Heartbeat

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — President George Bush spent Sunday in the hospital for treatment of an irregular heartbeat as the White House maintained an attitude of business as usual.

Doctors at the National Naval Medical Center in Bethesda, Maryland, where Mr. Bush was taken after the erratic heart rhythms struck Saturday, administered two heart-regulating drugs to the president, the White House said.

Mr. Bush remained in good spirits by all accounts, including his own.

"Don't worry about me," the president shouted to reporters from the window of his fourth-floor suite.

Pointing at his heart, Mr. Bush said, "It's a question of this getting back to normal."

The president's aides and his wife, Barbara, displayed a mood of good-natured calm and business-like routine.

The White House, in a statement at midmorning, stressed that Mr. Bush, who will be 67 on June 12, showed no signs of heart damage or heart attack from an episode of atrial fibrillation suffered Saturday afternoon while jogging at the presidential retreat at Camp David, Maryland.

Aides described him as feeling "completely normal" on Sunday and in "great spirits," eager to return to his normal schedule, which includes a meeting Monday with the former Soviet foreign minister, Eduard A. Shevardnadze.

White House aides said that Vice President Dan Quayle had telephoned the president Sunday morning and that no extraordinary steps had been taken to prepare for a temporary transfer of presidential authority.

One aide said Mr. Bush was getting "cantankerous" and wanted to leave the hospital.

"There are no signs of heart damage and no evidence of a heart attack," said Marlin Fitzwater, the White House spokesman. "The president has no other symptoms. This is corroborated by the blood and X-ray tests."

Atrial fibrillation is a common form of fast, irregular heartbeat, usually associated with physical exertion or stress. It is not normally a signal of serious heart trouble but can increase the risk of stroke.

Initially, Mr. Bush was given the heart-slowing drug digoxin. He was later given a second drug, procainamide, according to the White House. Procainamide is often used to supplement digoxin in order to return the heart to a normal rhythm. The president is expected to remain on digoxin for perhaps a month. He has no history of heart trouble.

The president met Sunday morning, as he does each day, with his chief of staff, John H. Sununu, and his national security adviser, Brent Scowcroft. They drove to the hospital, about 10 miles (16 kilometers) from the White House in suburban Washington.

In midafternoon, Mr. Bush went to the window of his suite and shouted down to reporters on the lawn. Asked what he was doing, he replied, "Lying here."

Mr. Bush said he had hoped to be released from Bethesda Naval Hospital on Sunday morning but was not sure when he would be discharged. Asked if his heart was still beating irregularly, Mr. Bush joked, "Yes, can't you hear it?"

Asked if he would jog again, he replied with a firm, "Yes."

Mr. Bush ended the exchange by shouting: "I've got to go. They're mad at me."

Mr. Bush had been jogging and walking for a little over half an hour at Camp David on Saturday afternoon when he complained of shortness of breath and unusual fatigue.

He walked to the compound infirmary, was examined by a physician and, about an hour later, was taken by helicopter to the Bethesda hospital — about a 20-minute flight.

He was given an electrocardiogram and an ultrasound examination on Saturday, and no structural abnormalities were found, Mr. Fitzwater said. The president dined Saturday on a steak, salad, mixed vegetables and skim milk.

"We don't have any undue alarm," Mr. Fitzwater said Saturday evening. He said the president was alert and had never lost consciousness.

Mr. Bush awoke early after a good night's sleep, handled some paperwork, read the morning newspapers and spoke by phone with several cabinet members, his son Marvin, and his daughter, Dorothy, according to White House officials.

"There have been no special security concerns," Mr. Fitzwater said in his statement.

Barbara Bush left the hospital early Sunday morning and told journalists that her husband "looks fabulous."

"He feels well," she said. "He has no pain, no strain, no nothing. He slept like a baby." She returned later to have lunch with her husband.

Mr. Scowcroft had a similar message as he left the White House to meet with the president.

"He's fine," Mr. Scowcroft said. Mr. Bush remained in the hospital Sunday, he said, because doctors treating him "just want to make sure."

The White House said Mr. Bush's care was being supervised by his personal physician, Dr. Burton Lee, and by Dr. Bruce K. Lloyd, a navy captain who

See BUSH, Page 4

Kena Lorkas/Agence France-Presse

Mr. Bush talking with reporters on Sunday from his room at the Bethesda naval hospital.

Quayle: Under Renewed Scrutiny

International Herald Tribune

WASHINGTON — Three months after taking the oath of office in 1989, President George Bush reportedly held a meeting with Vice President Dan Quayle to discuss how power would be transferred if Mr. Bush should become incapacitated or die in office.

With Mr. Bush seemingly in good health, there was no hint of concern that Mr. Quayle would ever have to answer the call.

That changed Saturday when Mr. Bush entered the hospital for an irregular heartbeat. It gave way Sunday to new speculation among politicians, analysts and journalists on whether Mr. Quayle should remain or would remain the understudy on the Republican presidential ticket for the 1992 election.

If voters are worried about Mr. Bush's health and fearful of the reins of government passing to Mr. Quayle, 44, the political dynamic in presidential politics will be radically altered, analysts say.

A Washington Post/ABC News Poll in February found that 49 percent of Americans believed that Mr. Quayle would not be qualified to take over as president, and 43 percent felt that he would.

Lawrence Kudlow, chief economist with Bear Stearns & Co., said he expected "some ripples of anxiety" on Wall Street when the stock market opens on Monday, because of Mr. Bush's condition.

But he added: "I'm not expecting any major reaction. I don't think this is going to be anything like it was in 1981 when President Reagan was shot."

Mr. Quayle was a senator from Indi-

See QUAYLE, Page 4

Germany Sees Pickup In Its East

Growth in Services And Construction Spawns New Hopes

By Richard E. Smith
International Herald Tribune

FRANKFURT — Eastern Germany's battered economy, a source of deepening pessimism and dire forecasts for the last year and a half, is sending signals that the long-awaited recovery is about to begin.

With the East's fledgling service companies growing faster than many had expected and a recovery under way in the construction industry, growing numbers of industrialists, politicians and economists are expressing optimism that an overall economic upturn will begin in the second half of this year.

"The train is now in motion, even though it has started slowly," said Edzard Reuter, chief of Daimler-Benz AG, at a recent seminar.

"The situation in Eastern Germany is not nearly as bad as it is portrayed in the press," said Karlheinz Kaske, chief of Siemens AG.

"The turnaround from decline to recovery is likely to take place in the second half of the year," said Westdeutsche Landesbank of Düsseldorf in its most recent forecast.

Such optimism results largely from a series of government actions this spring to offer aid and tax-relief programs for investment, and to speed the resolution of real-estate disputes.

But it also reflects real signs of improvement in Eastern Germany's nascent service sector and the rebound in construction, a usual harbinger of any widespread economic upturn.

"The recovery of services, construction and trade could be so pronounced in Eastern Germany this year that they will more than compensate for the weakness in industry," Dresdner Bank said in its most recent overview.

Although assessments of Eastern Germany's chances have swung widely ever since the fall of the Berlin Wall, only recently have the optimists been able to cite much concrete evidence to support their case:

- Although employment in the construction industry is continuing to fall, incoming orders are now rising. The German Institute of Economic Research said investment in the industry could grow by 12 percent in 1991 after a drop of 7 percent last year.
- Some 2,200 start-up ventures in the East have raised their estimates of average sales for 1991 by 12 percent in recent months, according to a survey by Deutsche Ausgleichsbank, a government institute that provides capital for small business. The poll also found that two-thirds of the ventures expect to turn a profit already this year, their first full year of business.
- Western investment in Eastern Germany, perhaps the most crucial economic harbinger, will rise to 20 billion Deutsche marks ($11.7 billion) this year from 8.5 billion DM last year, and reach 22 billion DM in 1992, according to estimates by the IFO Institute of Munich, one of Germany's leading forecasters.

"I am more optimistic than I was two or three months ago," said Klans-Dieter Schmidt of the Kiel Institute. "Unemployment and the industrial downturn will be major problems until well into next year but on balance the overall economy could turn up in the fourth quarter of this year."

Despite the rosier view, observers agree that the East German economy, and industry in particular, still faces many daunting challenges.

Analysts said they were most worried that the

See GERMANS, Page 19

Resisting Moscow, East Europe Looks West for Security

By Joseph Fitchett
International Herald Tribune

ROME — East European governments, alarmed by the potential for spillover from civil war in Yugoslavia and by recent Soviet diplomatic initiatives, are seeking stronger Western reassurances about their future security, according to U.S. and European officials.

Moscow, meanwhile, is pressing its former Warsaw Pact satellites to sign friendship treaties that forbid them to join any alliance hostile to the Soviet Union, a clause apparently directed against any eastward extension of NATO.

So far, only Romania has signed an agreement along these lines.

Other East European leaders have rebuffed the Soviet overtures while informing Western governments that they are counting on a strong NATO to buttress their nations' independence.

In response, NATO, strongly backed by the Bush administration, has become more outspoken in behalf of East Europeans' aspirations for stronger ties to the West.

Democracies in Eastern Europe "neither want to be neutral nor components of a buffer zone, and nor do we" want them to be, according to Manfred Wörner, secretary-general of the North Atlantic Treaty Organization.

NATO, he said, is seeking a "more cooperatively conceived security equation in Europe" that includes Moscow. But he added the warning that NATO would never accept a Soviet military action that ran counter to Europe's movement toward unity.

General John R. Galvin, supreme commander of NATO forces, warned that continued Western cooperation would require a more conciliatory Soviet policy.

Both men were addressing a conference Friday in Rome on European security sponsored by Corriere della Sera and the International Herald Tribune.

Several officials said East European governments increasingly feared that they were being left in what amounted to a security vacuum, potentially vulnerable to Soviet pressure.

To avoid antagonizing Soviet leaders, particularly the military, East European governments such as Poland, Czechoslovakia and Hungary have avoided publicly expressing an interest in joining the Western alliance.

But their fears of finding themselves in a political limbo have been aggravated, officials said, by the bickering among allied governments about NATO's role in Europe's defenses.

A sense of renewed danger in Eastern Europe, officials said, has triggered second thoughts in some capitals about any step that might weaken U.S. ties. At the conference, Giulio Andreotti and Gianni De Michelis, the prime minister and the foreign minister of Italy, expressed strong support for NATO to keep its leading role in Europe's security.

The U.S. view — shared by Britain and the Netherlands — is that without a strong U.S. role in NATO, Western Europe is incapable of mounting a military intervention in a crisis on Soviet borders.

Mr. De Michelis, appearing to edge away from German and French calls for the European Community to start replacing NATO, said that EC efforts to promote stability in Europe would

See EAST, Page 4

Kiosk

U.S. Cautioned By Gorbachev

MOSCOW (UPI) — President Mikhail S. Gorbachev said Sunday that he had detected unfavorable changes in the U.S. attitude toward his country that could return the world to a "cold or semicold war."

"Gorbachev expressed his anxiety about signs of a change in the U.S. attitude to the Soviet Union," the Tass press agency said, describing a meeting with the publisher Rupert Murdoch. "The changes are reflected not only in statements but also in some economical and political steps."

Mr. Gorbachev said the new relationship between the United States and the Soviet Union that began with *perestroika* in 1985 had given much that was positive to the world.

General News

U.S. troops nudge Iraqi forces out of a northern city. Page 2.

Two Soviet ministries take Azerbaijan's side in conflict with Armenia. Page 5.

Sports

Fabrice Santoro, 18, a newcomer to Davis Cup play, put France in the semifinals by beating the Australian veteran Wally Masur. Page 21.

Business/Finance

The bank to aid Eastern Europe unveiled its plan for action. Page 15.

BCCI lent to First American officials, despite their pledge not to do business with the bank. Page 17.

Crossword Page 3
Weather Page 2.

Bangladesh Toll Keeps Rising

125,000 Confirmed Dead, and Total Could Hit 200,000

Compiled by Our Staff From Dispatches

DHAKA, Bangladesh — The confirmed death toll of the cyclone that struck Bangladesh climbed to more than 125,000 on Sunday, and a senior relief official said 200,000 Bangladeshis might have been killed.

Large parts of the coastal region devastated by the storm last week remained cut off from rescue and relief, with rough weather and inadequate transport slowing efforts to distribute emergency aid among survivors.

Marooned island dwellers who lived through the cyclone's 145-miles per hour (235-kilometers per hour) winds and 20-foot (6 meter) waves are now dying of snakebites, cholera and other water-borne diseases and have little food, shelter or drinking water, according to relief workers in the capital, Dhaka.

Complicating the relief effort, the weather bureau issued storm warnings Sunday forecasting that winds of 60 to 70 miles per hour would hit nine northern districts and the eastern district of Noakhali. That area was heavily damaged by the cyclone last Tuesday.

Officials said the homes of up to 10 million people were destroyed along the low-lying, ragged coast and offshore islands during the cyclone, and they predicted that the number of casualties would grow.

"As of 6 P.M. Sunday there were 125,651 confirmed dead, but it's rising by the hour," said Ali Qureshi, secretary-general of the Bangladesh Red Crescent Society, the largest charity operating in Bangladesh.

"They are finding dead bodies washing ashore, stuck to trees in the forests," he said. "Many places are inaccessible, and it's anyone's guess. They're finding bodies every hour. It will definitely rise, maybe to 200,000."

Mr. Qureshi said about 350,000 people had taken refuge in cyclone shelters built by the government and the Red Crescent.

He said local newspaper reports that the death toll could eventually reach half a million were pure speculation at present.

The prime minister, Begum Khalida Zia, flew over the devastated eastern seaboard in a helicopter Saturday to inspect relief operations while other government officials appealed for money and supplies.

On Sunday, Prime Minister Nawaz Sharif of Pakistan, bringing a first consignment of urgently needed relief aid, said the worst cyclone in Bangladesh's history was "a tragedy with few parallels."

Mr. Sharif brought two helicopters along with rice, clothing, medicine, food and tents. He promised that more aid would follow.

The Red Crescent and other relief groups operating in Bangladesh were working with the military to get desperately needed food and medicine to the victims. On Saturday, fewer than a dozen helicopters flew food to millions of survivors.

(Reuters, AFP, WP)

Mushy Munir/Agence France-Presse

A fisherman and his family wading through ankle-deep mud at Kutubdia, Bangladesh, after a cyclone killed 125,000 Bangladeshis.

A Malay View: Islam Misses Real Issues

By Michael Richardson
International Herald Tribune

KUALA LUMPUR — In an unusually outspoken criticism from within the Islamic community, Anwar Ibrahim, the Malaysian finance minister, has said that many Muslims around the world are marginalized, self-deluded and living with the outmoded bogeymen of the West and the United States.

"Instead of talking about hunger and poverty, there are Muslim countries talking about the application of *sharia* law when people are dying of hunger," Mr. Anwar said in an interview with the International Herald Tribune. Sharia is the legal code of Islam.

"This is not Islam," he added. "This is just one way of escapism so that people don't talk about social and economic issues, hunger, poverty, corruption or mismanagement. Or the fact that billions of dollars are spent on arms and military equipment."

Mr. Anwar discusses economic developments in East Asia. Monday Q&A, Page 2.

He said Muslims and Muslim nations could no longer afford to be misled by extremism if they wanted to improve living conditions, modernize and compete on an equal footing with the West.

Mr. Anwar, a 43-year old Malay Muslim whom many political analysts see as a future prime minister, said Muslim, as well as Western, countries had ignored "all the excesses you can think of" in Iraq for many years because "they thought that Saddam was the savior of the Arabs when he fought the Iranians."

He said that the sooner Saddam Hussein was removed from power by the Iraqi people the better. "But knowing a system that is authoritarian, dictatorial and run by military and paramilitary outfits, I feel helpless to say how," he said.

Mr. Anwar added that the Iraqi invasion of

See ISLAM, Page 4

For Mitterrand Decade, Mixed Reviews

By Alan Riding
New York Times Service

PARIS — As the 10th anniversary of President François Mitterrand's election approaches this week, the greatest fear of France's governing Socialists is that it will revive the cry "Ten Years Are Enough!" that undermined Charles de Gaulle more than two decades ago.

There are, they concede, ample reasons for discontent, not the least of which are high unemployment, urban blight, racial tensions and a series of unresolved scandals involving illegal financing of political parties that have grabbed the headlines in recent weeks.

While the country is not about to bring out the red roses and champagne that marked the president's victory on May 10, 1981, the impending anniversary has shown that most French see no better alternative to Mr. Mitterrand, who is to complete his second seven-year term in 1995.

Different polls show that 52 to 56 percent of those questioned feel that the results of 10 years of Socialist leadership are, on balance, positive. The main opposition leaders, on the other hand, lag far behind Mr. Mitterrand in popularity.

Trying to stir enthusiasm, the Socialist Party has begun an advertising campaign under the slogan "Ten Years Sowing Seeds," in which it points to its achievements, including abolition of the death penalty, emphasis on culture, retirement at the age of 60 and equal rights for women.

The small opposition Republican Party has responded with its own posters, called "In Memory of the Rose," noting that France has never had more taxes, unemployment, illegal immigrants and government scandals than in the last decade.

If France's mood remains somber today, it is probably a product less of its assessment of the recent past than of its feeling of uncertainty about the future. The economy is slowing down, unemployment is again growing and France's place in a rapidly changing Europe is still not clear.

Further, while a decade ago at

See FRANCE, Page 4

Malaysia Finance Chief: When Neighbor Is a Giant

With one of the fastest rates of economic growth in East Asia in 1990, Malaysia has been a prime target for the wave of Japanese investment flooding into the region. In Kuala Lumpur, Anwar Ibrahim, the Malaysian finance minister, discussed recent economic developments with John Vinocur, executive editor of the International Herald Tribune, and Michael Richardson, editor for Asia.

Q. Are Japanese companies in Malaysia and other countries of Southeast Asia doing enough to transfer technology, promote local managers and support local suppliers?

A. There has been been some public criticism about this. We made a number of specific proposals to Mr. Kaifu, the Japanese prime minister, when he was here recently on how the training of Malaysian workers could be improved. He has promised to provide additional training facilities in Japan. The transfer of technology by Japan is also unsatisfactory.

Q. With more and more Japanese companies coming into Malaysia, what levers do you have to bring them around to your point of view when you are probably increasingly dependent on Japan, rather than vice-versa?

A. Malaysia is receiving a huge volume of investment not just from Japan, but from other Asian countries, such as Taiwan, and from North America and Europe. So we can afford to be more selective. We will insist that some of our concerns are met, although we have to discuss it further. Companies will be encouraged to see our point of view.

MONDAY Q&A

Q. The Malaysian Industrial Development Authority approved foreign investments amounting to more than $6.4 billion in 1990, about double the level for 1989. When will you feel swamped by this inflow?

A. At the moment, the volume is satisfactory and we can absorb it. But we are in a position to refuse certain forms of investment. We have certain priorities, such as transfer of technology and training, and we will provide incentives only to those investments that meet our needs. In the past, we welcomed any form of investment from overseas.

Q. Is the very large scale of Japanese investment in Southeast Asia leading to economic domination of the region by Japan?

A. Concern has been expressed that the region should not become dependent on investment from a single source. But Malaysia is receiving a more balanced flow from a variety of countries.

Q. Malaysia is pressing for an East Asian Economic Group to be formed and is asking Japan to play a key role in it. How will you counterbalance Japan in this group if you exclude the United States, Canada, Australia and New Zealand?

A. Our proposal is still under discussion and has yet to evolve as a formal structure. It is intended to be a forum for East Asian economic cooperation. It could also be used to bargain with the EC and the North American Free Trade area.

I don't think we would pursue the idea unless all members of the group were given an equal position. We would not allow a dominant country to control the group or even influence it to a large extent.

Q. What could an East Asian economic group do which APEC, the Asia Pacific Economic Cooperation forum, cannot do?

A. APEC includes the U.S. and Canada, which are members of the North American free trade area. This is seen to be a disadvantage for the region when it comes to discussions with the U.S. The East Asian group should be able to sit with North America or Europe on an equal footing. This would not be possible if we relied on APEC because the U.S. and Canada also belong to the North American free trade area.

Q. But why lie down with one monster, Japan, when you would really be happier and safer with two monsters, the U.S. and Japan?

A. We would say that we have a platform to deal with one monster and another platform to deal with the other monster. Small countries have to be smart in dealing with large nations.

Q. Are you concerned that development of market-oriented economies in Eastern Europe and the Soviet Union will divert investment and trade by Japan, the U.S. and the EC away from Southeast Asia?

A. This concern has been widely expressed in the region. But I am more optimistic. We are getting adequate investment because foreign companies find it profitable to come here.

U.S. Force Nudging Iraqis Out Of a City

Compiled by Our Staff From Dispatches

DAHUK, Iraq — U.S. Army troops moved to within less than two kilometers of this provincial capital on Sunday, expelling hundreds of Iraqi soldiers along a highway in the southernmost push by allied forces in northern Iraq to date.

Taking charge of this city would mark the most significant expansion of the allied zone since the military forces moved into northern Iraq and began establishing "security zones" for returning Iraqi refugees on April 20.

Dahuk, a city of 380,000 about 50 kilometers (30 miles) south of the Turkish border, is the capital of the northwest sector of Iraq and one of the main communication hubs in the north.

Troops from the U.S. Army's 3d Battalion of the 325th Airborne, based in Vicenza, Italy, raced down the highway to Dahuk on Sunday in humvees equipped with TOW tank-killing missiles. U.S. Air Force A-10s and Apache helicopters roared overhead.

Hundreds of Iraqi troops in Dahuk had pitched tents along the side of a highway running through the deserted town. Local residents estimated that no more than 5 percent of the original, predominantly Kurdish, population had remained.

Iraqi troops loaded dump trucks and troop carriers with electrical goods and other items that local residents said had been looted from their homes.

Colonel Jim Jones, the highest-ranking U.S. Marine Corps officer in northern Iraq, said he had enough battle-ready troops to defend an expansion into Dahuk, but no farther south.

U.S. officers said they were expecting word within days on whether to move into the city.

Allied officials have said it will be necessary to secure Dahuk to lure many of the hundreds of thousands of Kurdish refugees down from primitive mountain camps on the Turkish border. They fled to the mountains after President Saddam Hussein's forces crushed a Kurdish uprising.

Dahuk is above the 36th parallel, the region in which the United States has ordered the Iraqi military to restrict its activities.

Kurdish refugees are streaming back in growing numbers into the security zone, encouraged by UN relief efforts on the way.

In the week since U.S., British, French and Dutch troops opened their first "safe haven" refugee camp in Iraq, 21,000 refugees have returned to this border town, a UN official said.

The number has substantially risen with each passing day, although more than 500,000 Iraqi refugees, mostly ethnic Kurds, remain along the Iraqi-Turkish border. They fled from Mr. Hussein's army after a failed Kurdish uprising in March that followed Iraq's defeat in the Gulf war.

Kurdish rebel leaders have postponed a second round of peace talks with Mr. Hussein that was scheduled to start Saturday. Neither the Kurds nor the government explained the delay.

But diplomats in Zakho said the opposition factions appeared to be divided over strategy, with some feeling they had no need to rush into a settlement unless they could get the right terms.

The refugees began to trickle back a week ago in small groups. That snowballed into hundreds and now thousands a day.

"About 21,000 people have returned to Zakho, and the city has doubled in size," a Swedish UN special envoy, Staffan de Mistura, said at a UN base camp east of the town.

"About 2,000 people a day are coming back now," he said. "It varies according to weather or the latest rumor in the camps."

Mr. de Mistura said the United Nations was distributing food in Zakho and planned to start on Monday in Amadiyah, 70 kilometers to the east, where allied troops extended their security zone on Thursday.

If allied forces carry out their widely anticipated push into D'hok and two nearby towns, most of the 5,000 people now in the Zakho camp are likely to leave.

The objective of the Western allies and the United Nations is to get the Kurdish refugees to return and head off the creation of a large, restless and burdensome refugee population in the countries bordering Iraq.

Refugees are returning in relatively good health because of medical and other relief assistance they are receiving at what had been squalid mountain camps when the Kurds first fled.

In southern Iraq, meanwhile, the transport of thousands of Iraqis out of a U.S. Army camp in the border town of Safwan continued, paving the way for the withdrawal of U.S. troops in the area.

The U.S. Army had cared for about 11,000 refugees in Safwan by the U.S. Army since early March. They are being flown to Saudi Arabia, which has agreed to care for them. *(AP, Reuters)*

64 Die in Soviet Landslide

Reuters

MOSCOW — A total of 64 people have been killed by a landslide near the mining town of Angren in the Soviet republic of Uzbekistan, the independent news agency Interfax reported Sunday.

WORLD BRIEFS

France Issues Anti-Smoking Decrees

PARIS (AFP) — The government unveiled details Sunday of an anti-smoking campaign, publishing decrees banning tobacco advertising in the press and forcing manufacturers to print health warnings on packets of cigarettes, cigars and tobacco. In addition, May 31 is to become an annual "tobacco-free day" throughout the country.

The authorities have said they want to outlaw smoking in the workplace, except for specially designated areas, by the summer, and have begun talks on the subject with trade unions and employers. A similar ban is planned for restaurants.

Under the decrees, based on legislation passed in January, all packets of cigarettes, cigars and tobacco must carry the warning "seriously harmful to health." Cigarette packages must bear one of several specific warnings, such as: "Smoking causes cancer." "Smoking causes cardiovascular disease," and "Pregnant women: Smoking harms your child's health."

Seoul Calm After Violent Clashes

SEOUL (Reuters) — Calm returned to Seoul on Sunday after violent clashes in which thousands of protesters battled riot policemen for 12 hours. The clashes Saturday, Seoul's most violent protests this year, were set off by the police killing of a student and came to a climax with a confrontation at the main railway station during which hundreds of passengers were tear-gassed and thrown into panic by police baton charges.

Roads were littered with spent gas canisters and leaflets calling for the ousting of President Roh Tae Woo. State radio said 30,000 people demonstrated in Seoul, and Sunday newspapers estimated that 70,000 to 100,000 protested nationwide.

Anti-government demonstrations have erupted across South Korea since five riot policemen allegedly beat 20-year-old student to death with iron bars during a demonstration in Seoul. Three students have set themselves on fire in protest. Two have died and a third is in poor condition.

Bhutto's Husband Acquitted of Fraud

KARACHI, Pakistan (AP) — A special one-judge court on Sunday acquitted the husband of former Prime Minister Benazir Bhutto on charges of defrauding a state-owned bank.

Asif Ali Zardari was found not guilty of fraudulently obtaining a loan of 300 million rupees ($10.5 million) for a friend to establish a chain of duty-free shops. The government alleged that Mr. Zardari had abused his position as husband of the prime minister to obtain the loan, reportedly approved despite objections by Miss Bhutto's finance minister.

Still facing charges of kidnapping, extortion and murder, Mr. Zardari has been in jail since Oct. 10, two months after President Ghulam Ishaq Khan dismissed the Bhutto government on charges ranging from corruption to political ineptitude.

Toxic Cloud Injures 500 in Mexico

MEXICO CITY (AP) — At least 500 people were injured and 1,000 were evacuated from their homes after explosions at a chemical plant in Veracruz state released a toxic cloud. Victims suffered from fainting spells, fever, stomach pains, headaches and burning eyes and skin.

The chemicals contaminated water in the densely populated area around the plant in Córdoba, 95 kilometers (60 miles) from the Gulf coast city of Veracruz, according to the head of the local Red Cross. The evacuees spent a day in makeshift shelters before most were allowed to return to their homes on Saturday.

TRAVEL UPDATE

Iberia, the Spanish airline, has canceled 89 international and 79 internal flights scheduled for Tuesday because of a wage strike called by ground and in-flight employees. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Britain, Japan, Lebanon, Philippines, Syria, Thailand.

WEDNESDAY: France, Ivory Coast, Madagascar, Monaco.

THURSDAY: Andorra, Austria, Belgium, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Czechoslovakia, Denmark, France, Germany, Haiti, Iceland, Indonesia, Ivory Coast, Lebanon, Lesotho, Liechtenstein, Luxembourg, Madagascar, Monaco, Namibia, Netherlands, Norway, Rwanda, Senegal, South Africa, Soviet Union, Swaziland, Sweden, Switzerland, Togo, Vatican City, Venezuela.

FRIDAY: Belgium, El Salvador.

Source: J.P. Morgan, Reuters

The Weather

North America
Cold air from Canada will race into the northern Plains today, as a strong storm moves through the Great Lakes. Showers and some heavier thunderstorms will occur along a cold front in the southeastern United States.

Europe
Today's jet stream will be across southern Europe from Spain to northern Italy. As a result, chilly northerly winds will keep temperatures in most of Central Europe well below normal. There will also be scattered rains.

Asia
There will be showers with some heavy downpours in southern China today. Heavy thunderstorms are likely in Malaysia, the Philippines and Indonesia. Japan and Korea will have a pleasant spring day with seasonable temperatures.

Europe

	Today High	Today Low	Wx	Tomorrow High	Tomorrow Low	Wx
Algarve	18/65	12/54	pc	18/65	11/52	pc
Amsterdam	12/53	7/45	pc	13/55	8/46	c
Athens	22/72	16/60	t	21/70	14/57	t
Barcelona	19/66	11/52	pc	18/64	10/50	pc
Belgrade	18/65	12/53	r	17/62	13/53	r
Berlin	15/59	8/46	c	15/59	7/45	c
Brussels	15/59	7/45	c	15/59	8/46	c
Budapest	17/63	10/50	c	18/64	9/48	r
Copenhagen	13/55	6/43	pc	12/53	5/41	r
Costa Del Sol	19/67	13/55	pc	19/66	12/54	pc
Dublin	13/55	6/42	sh	13/56	4/40	pc
Edinburgh	11/51	4/40	sh	11/52	4/40	pc
Florence	19/67	13/58	pc	20/68	13/58	pc
Frankfurt	15/59	8/46	pc	15/59	7/45	c
Geneva	14/58	7/45	pc	15/59	8/46	c
Helsinki	13/55	3/38	pc	11/52	2/36	c
Las Palmas	24/76	19/66	pc	23/74	18/64	pc
Lisbon	18/65	12/54	pc	17/63	11/52	pc
London	14/58	7/45	c	13/55	7/44	c
Madrid	20/68	8/46	pc	18/60	7/45	pc
Milan	19/66	13/55	pc	19/66	13/55	pc
Moscow	19/66	12/53	r	17/62	9/48	sh
Munich	13/58	7/45	pc	14/57	8/46	pc
Nice	18/65	12/53	pc	18/65	12/54	pc
Oslo	13/55	6/41	pc	12/53	4/39	sh
Paris	17/62	7/44	c	15/61	7/45	c
Prague	15/59	8/46	c	16/60	8/46	pc
Reykjavik	8/46	0/32	c	7/44	1/34	c
Rome	18/60	9/48	pc	18/64	10/50	pc
Stockholm	9/48	2/36	pc	12/53	4/39	pc
Strasbourg	16/60	8/46	pc	15/60	7/45	c
Venice	19/66	13/55	pc	19/66	12/55	pc
Vienna	15/59	8/47	c	12/53	8/42	c
Warsaw	14/58	7/44	sh	15/59	7/45	pc
Zurich	16/60	8/46	pc	15/59	8/46	c

Middle East

Ankara	22/72	9/48	pc	20/68	22/72	c
Beirut	22/72	16/60	pc	21/70	16/60	pc
Cairo	29/85	15/59	s	32/90	19/66	pc
Damascus	26/78	22/71	c	27/80	21/69	pc
Istanbul	20/68	10/50	pc	21/70	9/48	t
Jerusalem	24/75	13/56	s	29/84	18/65	pc
Riyadh	39/102	27/80	s	39/102	27/81	s

Asia

	Today High	Today Low	Wx	Tomorrow High	Tomorrow Low	Wx
Bangkok	37/98	25/75	pc	36/96	26/79	pc
Beijing	24/75	13/55	c	26/78	10/57	pc
Hong Kong	27/74	19/66	sh	27/80	20/68	pc
Manila	31/88	22/72	pc	31/88	23/73	pc
New Delhi	36/100	24/75	pc	39/102	26/79	pc
Seoul	21/69	13/55	pc	20/68	15/59	pc
Shanghai	21/70	17/62	c	23/73	17/62	pc
Singapore	33/92	27/80	pc	33/91	26/79	pc
Taipei	28/79	17/62	pc	23/74	17/62	pc
Tokyo	23/73	15/59	pc	19/66	10/50	pc

Africa

Algiers	21/70	16/60	pc	20/68	17/62	pc
Cape Town	23/74	13/55	pc	24/75	13/54	pc
Casablanca	23/62	15/60	pc	21/70	16/60	pc
Harare	27/80	14/60	pc	27/80	16/60	pc
Lagos	33/92	25/77	pc	34/93	25/77	pc
Nairobi	30/86	11/52	pc	30/86	13/55	pc
Tunis	29/84	16/60	t	28/82	13/55	pc

Latin America

Buenos Aires	23/73	17/62	pc	20/68	13/54	pc
Caracas	30/86	24/75	pc	30/86	24/75	pc
Lima	23/64	19/66	pc	20/68	19/64	pc
Mexico City	30/86	14/57	pc	31/88	15/59	pc
Rio de Janeiro	27/80	24/75	t	28/84	23/77	pc

North America

Anchorage	10/50	4/40	sh	11/52	7/44	sh
Atlanta	23/74	12/53	t	20/68	13/55	pc
Boston	16/61	11/52	r	18/65	9/48	pc
Chicago	16/60	2/36	sh	14/57	3/37	pc
Denver	21/69	8/46	s	23/73	8/46	s
Detroit	18/65	8/41	r	16/60	10/50	pc
Honolulu	29/84	21/69	pc	29/84	23/69	pc
Houston	26/82	13/55	pc	28/82	17/63	pc
Los Angeles	27/81	14/57	s	22/71	13/55	pc
Miami	31/87	23/74	s	29/84	23/74	pc
Minneapolis	10/50	2/36	sh	14/57	4/39	pc
Montreal	17/62	10/50	r	12/53	2/35	sh
Nassau	31/88	25/77	pc	31/88	24/75	pc
New York	19/66	13/55	t	19/66	13/55	sh
San Fran.	22/72	10/50	pc	21/70	11/52	pc
Seattle	17/63	9/48	sh	19/67	9/48	pc
Toronto	17/63	3/37	t	16/60	4/40	c
Washington	23/73	16/60	sh	24/75	16/60	c

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, s-show, blizz.

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Arabs End Boycott of Coca-Cola

Reuters

DAMASCUS — The Arab League's Israel boycott office has removed the Coca-Cola Co. and nine other firms from its list of organizations to be shunned for their dealings with the Jewish state, officials said Sunday.

They said that at the office's 64th meeting, which ended here over the weekend, 110 companies were added to the list. These included 104 in which it said Robert Maxwell, a British media magnate, had major interests.

The boycott office was set up in the 1950s to isolate Israel economically by banning dealings with any companies that directly or indirectly supported the Jewish state economically or militarily.

Other U.S.-based companies removed from the list, according to the office, were the J.B. Williams Co., Helene Curtis International and the Home Insurance Co.

Also taken off the list were Phoenix Assurance of Britain, Royal Backing Industries Van Leer of the Netherlands, Lanitis Bros. of Cyprus, Europa Metalli LMI of Italy, Naniwa Kogyosho Co. of Japan, and Scott and English of Singapore.

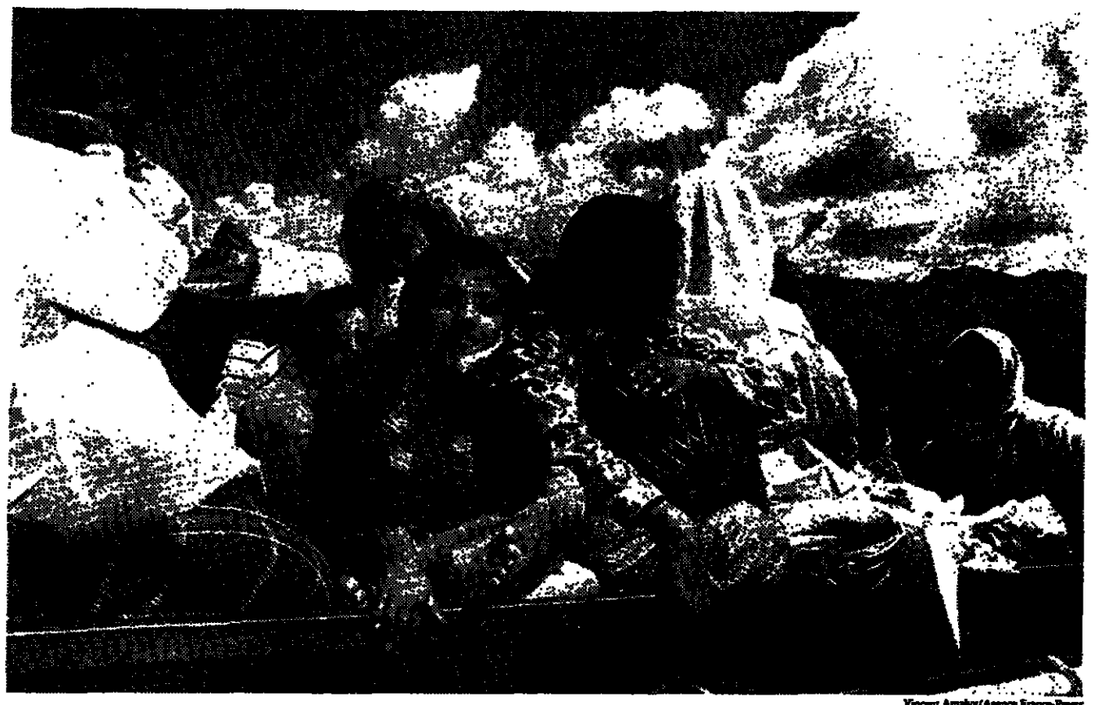
The boycott office said that eight international companies were cleared after investigation.

These were: Atlantic Computers and United Distillers Co., both of Britain; Kléber Industrie of France; Intercosma West of Italy; Belta of the Netherlands; Chiyoda Corp. of Japan, and the Australia and New Zealand Banking Group of Australia.

The statement did not identify the 104 companies added to the list because of Mr. Maxwell's holdings. His interests in Israel include Ma'ariv, a daily newspaper, and the Russian-language weekly Vremya.

The office identified the six other firms added to the list as: Codorniu and Control Electronico Entegrado, both of Spain; the U.S.-based Leclic Products and Phoenix Ware; Sodipneu of France, and Stollwerck of Germany.

According to the statement, companies or trade names remaining on the list included: Kirin Engineering Co. of Japan, Westgurg of the Netherlands, Aako Danmark APSG Elma Chemical of Denmark, the trademark Iridium owned by the U.S.-based Motorola, and 59 branches of the British company Courtaulds.



Vincent Amalvy/Agence France-Presse

A Kurdish refugee family arriving at the refugee camp at Zakho in northern Iraq aboard a pickup truck from a haven in southern Turkey.

Iraq Says Rebels Looted Art Treasures

By Paul Lewis
New York Times Service

BAGHDAD — Priceless artworks and artifacts, some of them Islamic but many dating back thousands of years to the ancient civilizations of Babylon, Nineveh and Ur, have been looted from Iraqi museums by rebels and may soon appear on the international art market, according to Iraq's director-general of antiquities.

The official, Muayad Said, accused Shiite Muslim rebels, who mounted an unsuccessful uprising in southern Iraq, of stealing illuminated Islamic manuscripts, gold and silver coins and jewelry, and stamps, pottery and carvings in stone and ivory that were excavated from the ancient cities of Mesopotamia and Sumeria.

The treasures were reportedly in the museums of Basra, Kufa and other southern cities.

At the same time, the official said, Kurdish rebels, who staged an uprising in northern Iraq, looted the museums of Kirkuk, Dahuk and other cities, removing similar objects.

It was not possible to confirm Mr. Said's assertions, and there has been no response to the assertions from the Iraqi rebels.

Mr. Said also said the contents of Kuwait's three major museums, looted by the Iraqis after the invasion on Aug. 2, were safely in his possession and would soon be handed over to the United Nations for return to Kuwait. The contents include one of the finest collections of Islamic art.

The Iraqi government says it is compiling a list of its own missing antiquities and plans to send it to Interpol, the organization that coordinates international police operations, asking it to begin a search.

Iraq says it plans to warn the big international auction houses, like Sotheby's and Christie's, as well as prominent art dealers to make sure they do not handle stolen property.

"We are afraid that many of these objects were taken back by the rebels into Iran and that they may soon try to sell them in Europe or America," Mr. Said said.

Many of the Kuwaiti treasures were taken from the House of Islamic Antiquities, whose collection is widely considered of unparalleled excellence, and from the collections at the Kuwait National Museum and the museum on Failaka Island. All of these antiquities have now been accounted for and an inventory submitted to the United Nations pending their return, Mr. Said said.

Rumors have been circulating in the New York art world that Iraq had melted down ancient gold coins and other gold artifacts stolen from Kuwait museums to sell as bullion. But Mr. Said said the rumors were "absolutely untrue."

The contents of the Iraqi National Museum in Baghdad, home of one of the finest collections of Sumerian and Mesopotamian art, were removed to the provinces for safekeeping before the war.

The most famous pieces have all survived. These include the golden harp from ancient Ur dating back 4,000 years, as well as the headdresses of golden myrtle leaves found in the Royal Tombs there. Also safe is the strikingly realistic bronze head of King Sargon, who founded the Akkadian dynasty in Mesopotamia around the year 2334 B.C.

The National Museum building was somewhat damaged by nearby bomb explosions during the allied air raids. Windows were broken, the main door blown in and parts of the roof destroyed.

Some of the ancient Assyrian bas-relief carvings that were built into the museum's walls were cracked and shaken loose, Mr. Said said.

Although no famous historical monuments were destroyed in the bombing raids, Mr. Said said several had suffered strain and minor damage from nearby bomb explosions.

In Baghdad, he said, the allied raids caused cracks in the walls and roofs of some famous ancient buildings.

He said these included the Mustansiriya School, the university founded by an Abbasid caliph, al Mustansir Billah, in 1226, which helped keep alive the learning of the ancient Greeks until it was rediscovered by Western Europe during the Renaissance.

The nearby Abbasid Palace, built by another caliph, al Nasser Lidinillah, around the year 1179, has also developed cracks and structural weaknesses, which will need repairs, Mr. Said added.

The bombing of a nearby central bank building has caused flooding in the basement of the Khan Murjan, the largest covered caravanserais in existence, where Arab traders once gathered with their camels to prepare caravans across the desert.

Outside Baghdad, Mr. Said said, allied air attacks caused cracks and other damage in the walls of the Assyrian royal palace at Nimrud, usually known as the northwestern palace.

At Ur, the reconstructed stairway of the Great Ziggurat was also said to have been damaged. But the monuments in the ancient Assyrian city of Nineveh are unscathed and no damage was done to the reconstruction of King Nebuchadnezzar's southern palace at Babylon, the site of the Hanging Gardens.

But at Ctesiphon, 50 kilometers (30 miles) south of Baghdad, the great third-century brick arch, the largest such structure in the world, was damaged by the blast from attacks on a nearby Iraqi nuclear installation and is in danger of collapse.

Mitterrand to Ask Arms Compliance On Moscow Trip

Reuters

PARIS — During a one-day trip to Moscow on Monday, President François Mitterrand is expected to request Soviet compliance with a treaty slashing conventional arms, French diplomatic sources said.

The sources said Mr. Mitterrand would ask Mikhail S. Gorbachev, the Soviet leader, for assurances that Moscow would apply the treaty signed in Paris in November.

Western arms negotiators have accused Moscow of trying to bypass the treaty, which set ceilings on the numbers of tanks, guns and planes held in the East and West.

The Soviet Union has been accused of reclassifying army units as navy ones and equipping them with tanks. "There are now tanks on the beaches of the Baltic Sea," said one Western diplomat.

Negotiators say Moscow has also moved tanks and artillery east of the Urals so that they are outside the zone covered by the treaty.

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For Soviet Jews, Israel Losing Its Allure

By Joel Brinkley
New York Times Service

JERUSALEM — The Israeli government is openly acknowledging for the first time that tens of thousands of Soviet Jews are postponing or canceling their moves to Israel because of the country's inability to provide jobs for those already here.

In dozens of emotional speeches in the last 18 months, Israeli leaders have tied the nation's hopes for the future to the successful absorption of the Soviet Union's Jews. Now they admit they are failing.

The government recently revised its official estimate, saying no more than 200,000 Soviet Jews were now expected to move to Israel this year rather than the 300,000 to 400,000 expected before. Some officials say the number may fall even lower.

"This is a real tragedy," said Michael Kleiner, head of parliament's Immigration and Absorption Committee. "At least half have decided that for the time being they have changed their program. We're talking about a snowball gaining speed."

The Bank of Israel, in a major report just issued, warned that unless the government immediately carried out fundamental economic changes to create new jobs, up to 200,000 of the Soviet Jews who have just arrived would decide to leave over the next several years.

Even now, the nation's unemployment rate stands at about 11 percent, the highest in recent times. By the end of the year, the Bank of Israel's and other economists estimate, the rate could rise to between 13 percent and 18 percent. And when that happens, the bank study says, thousands of the new immigrants as well as many other Israelis will probably flee.

The study does not try to guess where these people might go. But it seems most likely that many would try to move to the United States.

The financial problems causing the rising unemployment are manifold. The economy is heavily state-controlled; more than 60 percent of the nation's economic activity is the result of government-related spending. Year after year, the statistics show sluggish growth, double-digit inflation and a currency that seems to be forever declining in value. Those are not conditions that promote the creation of jobs.

Time and again in the last two decades, economists have urged the government to divest itself of its extensive, poorly managed business and industrial holdings — to free up the economy so it can grow and create jobs.

Nonetheless, a new study published by American economists at the Institute for Advanced Strategic and Political Studies in Jerusalem says the economy is still "riddled with money-losing state-owned enterprises, a huge government bureaucracy, dozens of official monopolies and cartels, massive taxpayer subsidies of manufacturers, price controls applied to a quarter of all consumer goods, tariff and nontariff barriers to free trade, foreign exchange controls, government domination of the capital markets, government ownership of 93 percent of Israel's land, oppressive levels and rates of taxation and bureaucratic hurdles to entrepreneurship."

Israeli economists acknowledge much of that. But almost every attempt at change is stifled by a government so tied up in interministerial bickering that it never seems able to carry out any of its plans.

Just as important, the all-powerful national labor union representing 90 percent of the state's workers often calls strikes that shut much of the country down when it believes its interests are threatened. Under those twin pressures, little ever seems to change.

In another report, published almost two years ago when the nation's unemployment rate was first approaching 10 percent, the Bank of Israel warned that the government must immediately put together "a well-thought-out, long-term economic strategy" to create new jobs.

"Only a few would deny the need for a drastic reduction in the current level of government intervention," it added.

Now, Michael Bruno, governor of the bank, said in an interview last week: "There've been changes. But they've been very, very slow. Too slow."

Fire Rages in Soviet Far East

Reuters

MOSCOW — A huge forest fire in the Soviet Far East has destroyed 30,000 hectares (75,000 acres) of woodland because local fire fighters lack equipment to put out the flames, the official Tass press agency said on Sunday. The fire has burned for several days in the Jewish Autonomous Oblast.

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THE PRESIDEN

Other Ills In Medical Dossier

Commerce

AMERICAN TOPICS

Environmental Rules Closing Gas Stations

ACROSS

THE PRESIDENT'S HEALTH: A treatment with drugs to convert a "regularly irregular" heartbeat to a normal one

Other Ills In Medical Dossier

By Maureen Dowd
New York Times Service

WASHINGTON — President George Bush has several physical ailments but no history of heart problems.

He has had serious allergic reactions twice, the most recent at an Auburn University football game in 1978, when he was stung by a bee. The reaction was stopped by a doctor before it developed into classic anaphylactic shock, an allergic condition that can cause death.

Mr. Bush has since taken immunotherapy injections to stave off such reactions.

In World War II, when he was in the navy, Mr. Bush fainted when he had an injection or had to have a blood sample taken. He does not give blood because he suffered hepatitis as a teenager, which makes him ineligible.

The president takes nonsedating antihistamine pills to control hay fever in the spring. He also has mild arthritis of the hips and knees that led him to cut back on his jogging, from three or four miles (five or six kilometers) four or more times a week, to two miles three or four times a week.

Mr. Bush has also suffered diarrhea from an attack of irritable bowel syndrome.

In 1986 he had a small, noncancerous colon polyp removed. There has been no recurrence of polyps.

He wears glasses and has lost some ability to hear high-frequency sounds in both ears, but it does not interfere with conversations.

During his 1990 annual checkup, doctors discovered that Mr. Bush had glaucoma in his left eye. The president suffered no vision loss and was given eyedrops. Glaucoma is caused by fluid pressure in the eye.

The Associated Press

Mild arthritis forced the president to cut back on the distance and frequency of his jogging.

A Sudden, Alarming Fluttering of Heart

By Elisabeth Rosenthal
New York Times Service

For someone like President George Bush, who has never before suffered from atrial fibrillation, the experience typically comes on suddenly, often when the patient is in the midst of exercise, and it can be alarming.

But although it can signal a heart attack, it usually does not.

The first 24 hours usually hold the answer. A damaged heart will emit enzymes into the bloodstream that will tell doctors if the patient has had a heart attack. Meanwhile, the patient will be treated with one of a few drugs to either slow down the heartbeat or to convert what doctors call a "regularly irregular" heartbeat to a normal one.

Mr. Bush, 66, was treated Saturday night with digoxin, which is intended to slow the heart. On Sunday, a second medication, procainamide, was prescribed to supplement the digoxin.

Doctors are most likely to prescribe medication for Mr. Bush over an extended period of time, if not the rest of his life. The reason is simple: Most people who have suffered a bout with atrial fibrillation are likely to experience it again.

The most common heart rhythm abnormality, atrial fibrillation is a fluttering in the right atrium, a small chamber at the top of heart that controls heart rhythm.

A signal is sent to the pumping chambers, and the heart beats rapidly — as fast as 200 beats per minute, compared with a normal rate of about 70. The symptoms are palpitations, shortness of breath, lightheadedness and possibly chest pains.

"In most cases, atrial fibrillation is a benign condition brought on by stress," said D. Samuel M. Fox 3d, a professor of medicine and cardiologist at Georgetown University Medical Center. He said the condition usually stemmed from the heart's timing mechanism being thrown off by overstimulation.

The right atrium, which receives blood from most of the body with the exception of the lungs, is the control center for heartbeat rhythm.

During stress like jogging, Dr. Fox said, the body can produce extra adrenaline; that can stimulate other parts of the heart to send electrical signals, which can overcome the normal signals of the right atrium.

The extra stimulation can override the regular rhythm normally controlled by the right atrium and lead to an abnormal number of heartbeats, he said.

"It can occur completely without any other cardiac disorder," Dr. Fox said. He added that it could be treated with drugs like digitalis or by stimulating the heart with a low current of electricity.

In a patient of the president's age, atrial fibrillation is often a warning signal of abnormalities in the heart itself or its valves. Certain people are predisposed to the condition, or it can be brought on by caffeine, stress or exercise.

With a first episode of atrial fibrillation, a patient is generally hospitalized to make sure there has been no heart attack.

Bush's Doctors Using 2 Drugs

The Associated Press

NEW YORK — President George Bush's doctors have prescribed two drugs, digoxin and procainamide, to treat his atrial fibrillation.

Digoxin is a form of digitalis, an extract from the foxglove plant that has been used by doctors for 200 years to slow rapid heart rhythms. It is the standard treatment for atrial fibrillation. Side effects include nausea and vision disturbances, which sometimes occur from higher-than-necessary dosages. Once dosage is adjusted, digoxin can be safely used as a long-term treatment.

Procainamide is used to correct electrical abnormalities responsible for heart rhythm disorders. It can sometimes cause rhythm disorders worse than the conditions it is being used to treat, and it also can lead to inflammation of organs including the lungs and the sac around the heart. It is a standard treatment for atrial fibrillation.

Before Run, Bush Lashed 'Political Correctness'

New York Times Service

ANN ARBOR, Michigan — In his commencement address at the University of Michigan, President George Bush attacked what he called the "notion of 'political correctness,'" saying it had led to "inquisition," "censorship" and "bullying" on some college campuses.

In a speech Saturday devoted to three "freedoms" — "enterprise, speech and spirit" — Mr. Bush joined a growing political backlash against the idea that free speech should be subordinated to the civil rights of women and minority members. He delivered the speech a few hours before being hospitalized with an irregular heart beat.

"Political correctness" originated as an ironic term for a broad range of generally liberal attitudes, especially in support of expanded rights for women, minority members and homosexuals. But it has been seized by many conservatives and traditionalists, on campus and off, as a term of derision for those who espouse such attitudes to the exclusion of other rights, especially free speech.

"Ironically, on the 200th anniversary of our Bill of Rights, we find free speech under assault throughout the United States, including on some college campuses," Mr. Bush told an audience of 8,300 graduates and more than 55,000 others gathered in the University of Michigan football stadium.

"The notion of 'political correctness' has ignited controversy across the land," he said. "And although the movement arises from the laudable desire to sweep away the debris of racism, sexism and hatred, it replaces old prejudices with new ones. It declares certain topics off-limits, certain expressions off-limits, even certain gestures off-limits. What began as a cause for civility has soured into a cause of conflict and even censorship."

Mr. Bush's speech, his first on an issue that has divided campuses around the nation, reflected the influence of his new head speech writer, Anthony Snow, a former editorial writer for The Washington Times, who was hired to bring a harder edge and ideological spirit to Mr. Bush's speeches as he moves toward the 1992 election.

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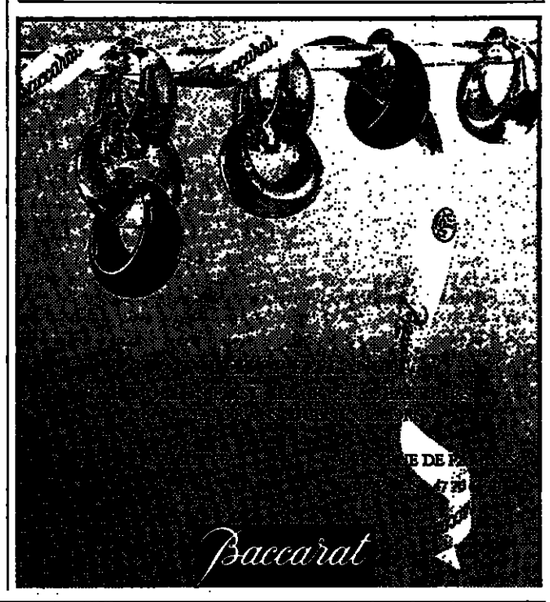


Commerce Chief Flies on Corporate Jets

By Dana Priest
Washington Post Service

WASHINGTON — Since becoming commerce secretary, Robert A. Mosbacher has flown to 30 of his 86 official meetings on corporate and private jets owned by former business associates, Republican contributors and companies that stand to benefit from his department's foreign trade policy initiatives.

Where he goes and whom he sees is determined, to some extent, by who offers a ride, according to department travel documents and a Commerce official who acted as a spokesman for Mr. Mosbacher on condition that he not be identified.

The use of corporate planes is legal and Commerce officials said the practice does not influence Mr. Mosbacher's decision-making. Mr. Mosbacher or other officials often solicit the use of corporate aircraft for specific trips, and the department "aggressively encourages" companies to pay travel costs, the department official said.

Unlike John H. Sununu, the White House chief of staff, whose use of military planes for personal business is under White House review, Mr. Mosbacher rarely used military aircraft. When he did, it was for high-level official meetings. He also took commercial flights or reimbursed friends for personal trips on their planes, according to government records.

Since 1964, Commerce has had the legal authority to accept "gifts" from nongovernmental sources, as long as the donor has no business pending before the agency. A new regulation, which took effect in March, gave every department the right to have corporations directly subsidize some of their work.

If a conflict of interest exists, the agency may still accept a donation.

AMERICAN TOPICS

Environmental Rules Closing Gas Stations

Checking the oil and washing the windshield went the way of the Ford Model-T at most service stations a few years back. Now, gas stations themselves are rapidly vanishing across much of the United States, especially in small rural towns, leaving motorists with no place to fill up. The chief reason: new federal regulations to protect ground water.

The Environmental Protection Agency has predicted that nearly 50 percent of all retail gasoline outlets will eventually close rather than spend large sums to comply with the new rules mandating liability insurance, leak-detection systems, anti-corrosive tanks and other changes.

In Cusick, Washington, population 236, Les Cole threw in the grease rag after balancing his $27,000 gross annual revenue from gas sales against an $8,500 premium for the required minimum $1 million in insurance coverage plus three new tanks costing about $125,000.

The disappearance of many stations also portends the demise of another slice of small-town America: the filling station as hub for gossip, soda pop and just hanging around, as well as gas and repair service. One economist noted that tourists stopping to buy gas are more likely to patronize adjacent stores and restaurants.

State governments are hastily creating insurance funds, low-interest loan programs, grants and other plans to make compliance affordable. Many of the state programs, however, are not ready or are underfunded.

Short Takes

New York City is less and less the background for mystery novels. Regional settings are coming into their own. Susan J. Sandler, a book club executive editor, says that five years ago, 20 percent of hard-cover mystery novels were set in New York; today this has dropped to 10 percent. Authors and literary agents say the causes may include the rise in real crime in New York and the rising cost of living there. Dominick Abel, an author's agent, told The New York Times, "The homogenization of culture that has occurred over the last 25 years has spawned, in reaction, an affection for, and interest in, regional differences."

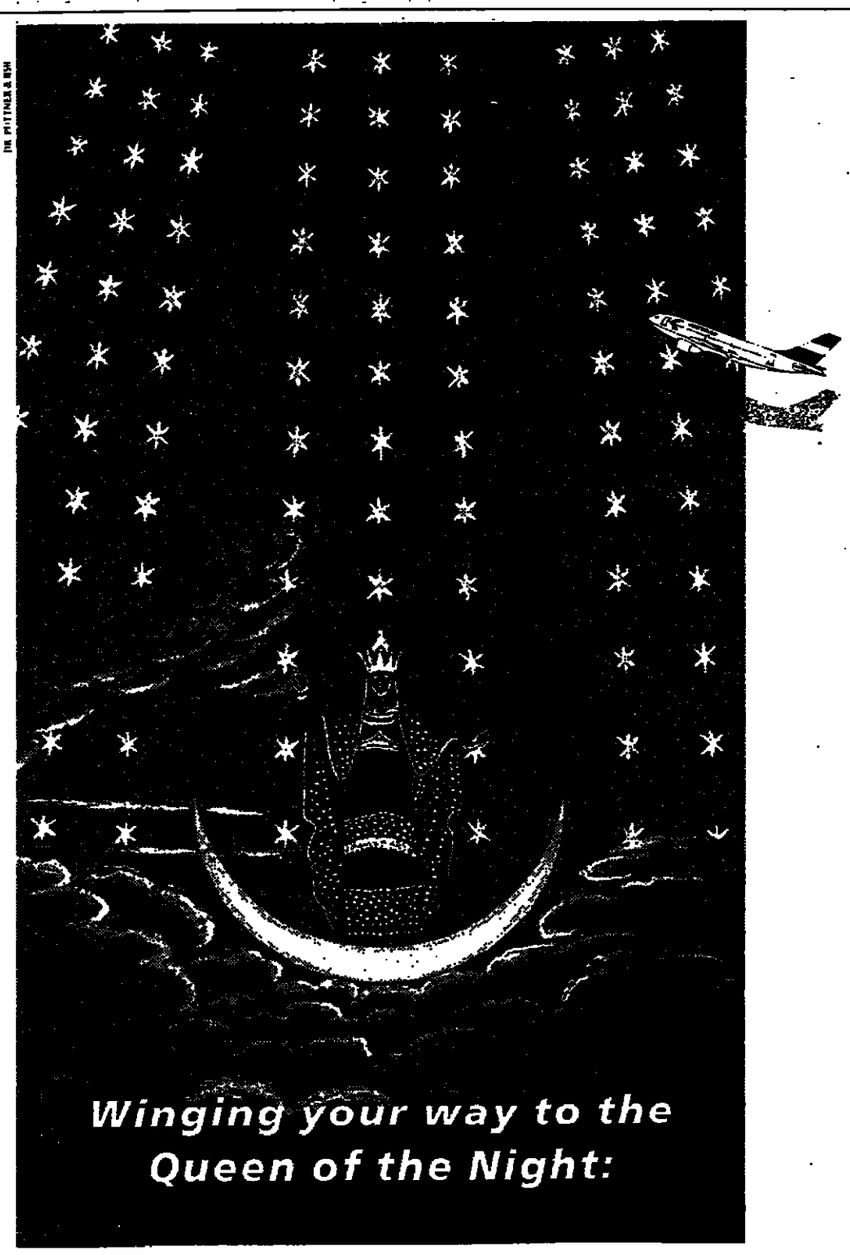
A new **three-dimensional computer graphics system** calculates a baseball's trajectory, speed, lateral movement and other data, rendering a 3-D image in seconds. It was developed by Sportsight Inc. of Irvine, California. Two video cameras are placed behind and to each side of home plate. The cameras between them capture 60 images a second of every pitch thrown. The video information is then fed into computers and recorded in a 3-D image a few seconds later. It shows what kind of pitch was thrown, where it "broke" if it was a curve and whether it hit the strike zone. The hundreds of pitches thrown by a pitcher during a season could easily be stored in a data base.

About People

Eduard A. Shevardnadze, the former Soviet foreign minister, is making a 10-city tour of the United States to raise money for the Foreign Policy Association, a new independent research organization he heads. He is expected to collect $20,000 per lecture. He is also scheduled to meet President George Bush, Secretary of State James A. Baker 3d, former President Ronald Reagan, former Vice President Walter F. Mondale and Senator Edward M. Kennedy of Massachusetts.

Walt Disney Co.'s new film, "The Marrying Man," is setting no box office records, and Alec **Baldwin**, co-starring with Kim Basinger, says he knows why: Disney officials "know less than anyone else" about making films. He said he cared not what they thought of him; he does care what their gardeners, who buy the tickets, think of him. Liz Smith, the syndicated columnist, commented: "I hope Alec Baldwin is taking a course in landscape gardening on the side. It never hurts to have an alternate career when you are insulting those who hire, fire and exert influence."

Arthur Higbee



1991 is Mozart Year. To celebrate the 200th anniversary of his death, Austria is putting on an unique festival throughout the land. Vienna and Salzburg lead in offering music lovers the world over Mozart from solo sonata to opera. Every Austrian Airlines flight is just the perfect overture and finale to Mozart Year.

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16 Seam
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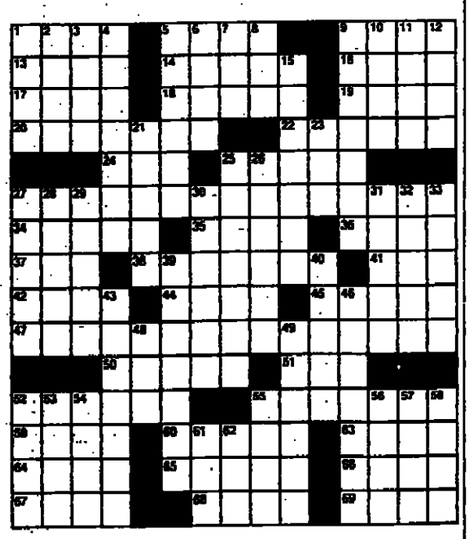
18 Went up
19 Exclusively
20 Final stage in a chess match
22 Daisy features
24 Sixth sense
25 Teasdale and Roosevelt
27 Sleight-of-hand artist
34 Major artery
35 Springsteen's "—— Fire"
36 Spy of a sort
37 Vane reading
38 Encountered
41 Pewter component
42 Personal: Comb. form
44 —— B'rith
45 Chaucer pilgrim
47 Three-card monte and thimblerig
50 Nutriments
51 —— Cruces, N.M.
52 Séance figure
55 Imaginative fiction
59 Idle of comedy
60 White-plumed bird
63 Salmon ending
64 Paddock papa
65 Not a soul
66 Exude
67 Oracle
68 First Lady of the 40's
69 Rather report

DOWN

1 Cab customer
2 Something to pump
3 Vanguard
4 Most sizable
5 Trattoria offering
6 Hound's quarry
7 Kind of trip
8 Loser to D.D.E.
9 Debris at sea
10 New Rochelle college
11 Turnpike nuisance
12 "The —— the limit"
15 Second edition
21 "When You Wish Upon ——"
23 Devour
26 Apes
28 Not forming an angle
27 Wall Street disaster
29 Sonata movement
29 Stu of early TV
30 Made a racket
31 Indian's protector
32 Antipasto morsel
33 Descartes et al.
38 Betty
40 Choir accompaniment
43 Policeman
46 Part of E.S.T.
48 Marker
49 Puts on cloud nine
52 Hodgepodge
53 Gannon U. site
54 Dreadful
55 Marshes
56 Opposite of sweather
57 Large number
58 Chatters
61 Sailor
62 Anonymous Richard



Solution to Friday's Puzzle

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© *New York Times, edited by Eugene Maleska.*

In Gulf, 6 Nations Meet on Security

Compiled by Our Staff From Dispatches

KUWAIT — Foreign ministers from the six-nation Gulf Cooperation Council began an emergency meeting here Sunday to map security arrangements in the region in the aftermath of the Gulf war.

The meeting was the first of its kind to take place in the emirate since allied forces in February ended Iraq's occupation of Kuwait.

Kuwait has been seeking a reevaluation of the links between major aid-donor nations in the region and other Arab countries, based on their differing stands toward Baghdad during the crisis.

Kuwait's foreign minister, Sheikh Salem al Sabah al Salem, paid a special tribute to Egypt and Syria for their "brotherly and sincere commitment to Kuwait" as part of the multinational coalition that evicted Iraqi troops.

The Damascus declaration that followed the Gulf conflict was "an ideal formula for common Arab action and to reactivate its mechanisms, which have been blocked since the Iraqi invasion," he said.

Syria, Egypt, Kuwait, Saudi Arabia, Bahrain, Oman, Qatar and the United Arab Emirates agreed to set up an Arab peacekeeping force in the Gulf, to be made up mostly of Egyptian and Syrian troops.

The officials from Saudi Arabia, Oman, Qatar, Bahrain, Kuwait and the United Arab Emirates were also expected to discuss efforts under way to end the Arab-Israeli conflict ahead of an Arab League meeting scheduled in Cairo on May 15.

Defense Secretary Dick Cheney was heading Sunday to the Gulf to present a framework for U.S.-Arab military cooperation in the region.

Mr. Cheney is expected to discuss Pentagon proposals for placing a group of U.S. Central Command officers in the region — "fewer than 100 people," according to the Pentagon spokesman, Pete Williams. *(AFP, AP)*

ISLAM: *New Voice From Malaysia Says Muslims Are Missing Real Issues*

(Continued from page 1)

Kuwait should teach Muslims a lesson.

"We have got to stop playing up the bogey of imperialism or the West or America, and address real central issues confronting Muslim societies," he said.

Those issues, he said, included better education for women as well as men, equality of the sexes, the gap between rich and poor, employment opportunities for women, lack of basic freedom and tolerance, and disregard for human rights.

Mr. Anwar, who represents the moderate face of Islam that has played a key role the successful economic development of Malaysia and Indonesia, told an international conference of Islamic scholars and intellectuals that ended Sunday that he deplored disunity, hypocrisy, greed and oppression among Muslim countries.

He said that if the more than 40 Muslim nations had opposed the Iraqi invasion of Kuwait, "probably the tragic consequences could have been averted."

Mr. Anwar said a sectarian impulse in the Muslim community had "created innumerable pockets of false loyalties."

He added, "Our narrow interpretation of Islam has resulted in our seclusion from the rest of the world."

Muslims, he said, are marginalized, adding that unless they accept the reality of a pluralistic world, they will continue to be excluded from "the advanced technological society" of the West and Japan.

For Malaysia, the Gulf war was unwelcome for many reasons, not least because it pitted Muslim against Muslim, reinforcing an image that many in the West have of Islam as a retrogressive force.

Political opponents of Malaysia's multiracial coalition government led by a Muslim prime minister, Mahathir bin Mohamad, many of them from the country's Muslim majority, condemned his administration for voting in the United Nations Security Council for a resolution that authorized use of force to evict Iraq from Kuwait.

Leaders of the opposition Pan-Malayan Islamic Party, which wants to change Malaysia from a secular to an Islamic state, called for volunteers to fight for Mr. Hussein. And the U.S. State Department issued a travel advisory warning Americans to be careful when visiting Malaysia.

Analysts said these developments had cast a shadow over Malaysia's impressive economic achievements. The country's economy grew by nearly 10 percent in 1990, after adjustment for inflation. Growth was well above 8 percent in both 1988 and 1989, and another strong performance has been forecast for 1991.

But fallout from the Gulf war raised fears that foreign investment, which has powered Malaysia's rapid growth, might no longer be welcome.

Malaysian officials are now reassuring investors and bankers that the pace of economic liberalization will be stepped up, not slowed.

In the interview Thursday, Mr. Anwar said Malaysia was one of very few countries with a majority Muslim population that supported the UN Security Council resolution to force Iraq out of Kuwait "without mass demonstrations against the U.S. or allied forces."

But he said it was true that when Malaysia decided to back the resolution, the "vast majority" of Muslims in Malaysia were against it.

"This was partly fanned by the opposition Islamic Party, which said that we were with the non-Muslims against the Muslims," he said. "We explained that we were upholding the principle that no country should conquer or annex another country."

A Western diplomat said Sunday that one of Mr. Mahathir's ambitions was "to make Islam in Malaysia synonymous with economic progress and modernization" and that Mr. Anwar was "dedicated to the same objective."

Until now, Mr. Anwar has been occasionally cast outside the country as an assertive representative of Islamic conservativism.

Mr. Mahathir told an international business conference in March that promotion of fundamental Islamic values of tolerance, hard work and thrift would improve economic performance in Malaysia. He said that Muslim "deviationists are anything but Islamic."

FRANCE: *Mixed Reviews for the Mitterrand Decade*

(Continued from page 1)

least half of French voters embraced socialism with utopian fervor, today there is not only widespread disenchantment with politicians of all parties but also simmering anger with a state that no longer seems responsive to the population's day-to-day needs.

In ideological terms, the country is far less divided than in 1981. The once-powerful Communist Party has collapsed, while Mr. Mitterrand's economic policies are little different from those advocated by conservative parties. Only the far-right National Front opposes him on every issue.

To occupy the middle ground, the president had to abandon socialist policies like bank nationalizations, which brought economic disarray in his first two years in office. Three years of austerity followed before a period of strong economic growth began.

The main price of this economic orthodoxy was a rise in the number of jobless from 1.6 million in 1981 to 2.6 million — or 9.3 percent of the work force — today. But it brought new prosperity to the middle classes and stimulated a private sector that long lacked dynamism and initiative.

Under the Socialist president, the gap between rich and poor in France began to widen. "Mitterrand's only tour de force in 10 years is to have succeeded in renouncing everything he believed in," said Alain Juppé, secretary general of the Gaullist Rally for the Republic.

France glistened with new wealth in the late 1980s, but tensions began to build in poorer urban neighborhoods, where many unemployed French found themselves living side-by-side with a growing population of Third World immigrants.

After many cases of racial violence and riots by immigrant youths in outlying districts of Paris and Lyons, the government this winter began a program to improve schools and housing in 400 of the worst neighborhoods.

But France seems far from resolving the problem of integrating 5 million foreigners, including 3.5 million Arabs from North Africa. This in turn has spawned insecurity about France's national identity that at times is expressed in barely disguised xenophobia.

Mr. Mitterrand is shielded from much public dissatisfaction by the fact that social and economic problems are the immediate responsibility of his prime minister, Michel Rocard. In contrast, the president alone runs foreign and defense policy, although here, too, France seems unsure of its direction.

Since de Gaulle, France has emphasized its special ties to the Third World and its independence from the United States. Then, during the Gulf war, after much hesitation, France closed ranks with Washington.

EAST: *A Tug-of-War*

(Continued from page 1)

require extending membership to countries in Eastern Europe. He said this process would open the way to a new security system, but only in 20 years.

Conference speakers suggested that East European governments take the initiative and announce that they would not allow foreign forces to be stationed on their territories in peacetime.

NATO could then press Moscow to join with the alliance in recognizing this status, and the imposition of neutrality on these states could be avoided, according to Lothar Rühl, a former defense official in Germany.

This approach, according to François Heisbourg, head of the International Institute for Strategic Studies, would keep the door open for East European countries to join the EC and even the alliance.

He said such "negative security guarantees" avoided the overtones of the old guarantee systems.

BUSH: *'Don't Worry'*

(Continued from page 1)

is chief of cardiology at the hospital, which is the hospital Mr. Bush has routinely used for checkups. Consulting on the case is Dr. Allan Ross, chief of cardiology at George Washington University Hospital in Washington.

Several world leaders, including Prime Minister John Major of Britain and President François Mitterrand of France, sent messages to the president wishing him a speedy return to good health.

The president had been following a busy travel schedule in the two days before he was stricken.

He flew to St. Louis, Missouri, on Friday with Housing Secretary Jack F. Kemp and on Saturday delivered the commencement address at the University of Michigan in Ann Arbor. He had flown by helicopter to Camp David after returning to Andrews Air Force Base near Washington.

Mr. Bush's last general physical examination was March 27, and his health was described as excellent.

The president often jogs on weekends, usually with Secret Service agents, journalists and White House aides.

Mr. Bush reportedly watched a televised White House news briefing from his hospital suite Saturday evening and phoned the White House to correct something reported by Mr. Fitzwater.

Mr. Bush phoned again after the briefing and, according to his spokesman, said, "Marlin, see if you can get me a two-week vacation out of this."

The Chinese Reassure North Korean Leader

The Associated Press

TOKYO — Prime Minister Li Peng of China met with President Kim Il Sung in the North Korean capital, Pyongyang, on Saturday and reaffirmed his government's support for China's increasingly isolated Communist ally, according to the official Pyongyang radio, monitored in Tokyo.

China is considered North Korea's leading ally. Pyongyang's major patron, the Soviet Union, normalized relations with South Korea last September, and loosened its ties with North Korea.

Vice President Quayle, leaving church Sunday in Bethesda, Maryland, continues to fare poorly in polls on his ability to be president.

QUAYLE: *Unease Is Still Strong*

(Continued from page 1)

ana who had had an unremarkable political career when Mr. Bush surprisingly made him the selection as his vice-presidential candidate.

Until Mr. Bush fell ill, White House aides had been describing Mr. Quayle as having a "lock" on the vice presidential slot for the 1992 campaign.

Norman Ornstein, a political analyst with the American Enterprise Institute, a think tank, said in a broadcast interview on Sunday that if the president quickly returned to normal health, there might be no political fallout.

"But if we see another episode, but if this lasts for any length of time, if what we see is a president who in some ways becomes fragile physically, it changes the political process in profound ways," Mr. Ornstein said. "When you start to talk about 'President Quayle,' it changes the factors here for the Republican Party."

Mr. Ornstein noted, however, that in the 1950s, Vice President Richard M. Nixon was not highly popular during Dwight D. Eisenhower's first term as president, a period in which Mr. Eisenhower was not in good health; Mr. Eisenhower had little trouble winning re-election.

In the last few years, Mr. Bush has cultivated Mr. Quayle and brought him into "the inner circle," Mr. Ornstein said. Nevertheless, he added, "Obviously, now, the question of who is No. 2 is much more salient in people's minds."

"It'll be an issue in 1992, no matter what," he added.

The 25th Amendment to the U.S. Constitution outlines a procedure for presidents to pass power to their vice presidents when they are incapacitated. The amendment makes clear that a president can decide to transfer power, but the document is less clear about what would happen if there is uncertainty about whether the president is incapacitated.

—PAUL F. HORVITZ

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Rivalry Heats Up In Soweto

Zulus Threaten To Deploy a Force

Reuters

BEKKERSDAAL, South Africa — The Zulu-based Inkatha movement said Sunday that it would deploy 100,000 fighters in Soweto township unless the rival African National Congress ended political violence there.

An official said the ANC had a week to stop factional fighting, or Inkatha would deploy 100,000 men. "You won't identify them," Musa Myeni said. "They won't wear any uniform."

About 1,500 people have been killed around Johannesburg since August in fighting between Inkatha and ANC followers. Police reported Sunday that 10 more persons had died in Soweto — 2 from gunfire, 4 from burns and 4 from cuts.

The violence could undercut power-sharing talks aimed at forging a political settlement between the country's whites and its five-to-one black majority.

Nelson Mandela, the ANC deputy president, has set Thursday as a deadline for President Frederik W. de Klerk to act decisively to end the bloodshed. Mr. Mandela has threatened to boycott negotiations if his ultimatum is not met.

"This week the negotiation process between the government and the ANC could become another casualty," the Sunday Star newspaper editorialized.

"If the ANC suspends discussions with the government, as is feared," it said, "it could deal a severe if not a mortal blow to the negotiation process which has been South Africa's main source of hope for the past year."

Mr. Myeni, commenting before a rally that the Inkatha leader, Chief Mangosuthu Buthelezi, was to address, said the 100,000 Inkatha men who could be deployed would "be armed with nontraditional weapons." That left open the possibility that they would carry guns.

Mr. Myeni said Inkatha had been angered by police raids over the weekend on hostels for migrant workers around Johannesburg. The ANC had requested the raids, which were aimed at confiscating guns.

"We want to watch if the ANC and the Communist Party continue with the present violence," Mr. Myeni said. "We are giving them seven days from today."

He said that Inkatha had not informed either Law and Order Minister Adriaan Vlok or the ANC of its planned move.

He added: "Because of the continued violence by the ANC — and the police are busy marching into hostels under ANC supervision and not protecting innocent civilians — Inkatha is now going to field or deploy more than 100,000 men in Soweto."

Mr. Myeni, who heads Inkatha's public relations and international affairs department, said the movement had 500,000 members in the industrial heartland around Johannesburg.

The ANC said it was setting up paramilitary units to defend township residents from what it called the politically motivated attacks of Inkatha warriors.

Abdel Wahab, Arab Composer, Is Dead at 90

Reuters

CAIRO — Mohammed Abdel Wahab, considered the father of modern Arab music, died of heart failure Saturday at the age of 90, the Egyptian press reported.

Thousands of chanting Egyptians thronged behind the open carriage drawn by six black horses that carried his coffin on Sunday. A huge press of grieving people, shouting "*Allah Akbar*" ("God is great") and "*La Ilah Illallah*" ("There is no God but Allah"), broke through heavy police security to get closer to the coffin.

The singer-composer molded the traditional quarter-tone themes of classical Middle Eastern music with Western forms to turn out hundreds of romantic songs whose popularity remain unrivaled throughout the Arab world.

Mr. Abdel Wahab, who was born in Cairo, composed about 1,800 romantic and patriotic songs and starred in several film musicals.

He gave up singing for 30 years to concentrate on composing, and he wrote the music for songs recorded by many of the Arab world's best-known singers.

The Associated Press

Conferring in Belgrade in emergency session, from left: General Blagoje Adzic, army chief of staff; Peter Gracanin, state minister of internal affairs, and President Ante Markovic. The presidency demanded an "unconditional halt" to all acts of provocation.

Belgrade Frees Army to Act in Clashes

Reuters

BELGRADE — Yugoslavia's presidency authorized the federal army Sunday to intervene to prevent ethnic conflicts in which at least 17 people have been killed in the last three days.

"The presidency demands an immediate and unconditional halt to all activities throughout the country which could provoke new unrest and confrontations," the presidency announced in a statement.

"In that respect, the Yugoslav Army will prevent such activities should they occur and prevent the outbreak of new interethnic confrontations."

The presidency, Yugoslavia's highest constitutional body, issued the statement after an emergency session prompted by the worst violence between Serbs and Croats since World War II.

The statement effectively authorized moves that the army has made since March to act as a buffer between rebel Serbs and Croatian police. It stopped short of declaring a state of emergency.

Immediately after the statement, the army strengthened its position in Croatia by sending tanks and armored vehicles into Croatian towns with large Serbian populations.

Tanks drove through the Vukovar municipality, where warring Serbs and Croats have set up armed roadblocks since Serb villagers in nearby Borovo Selo shot and killed 13 Croatian policemen on Thursday, according to news reports and witnesses. Three Serbs were also killed.

Tanks also took up positions in the southern Croatian town of Dvor na Uni and in the eastern Croatian village of Sotin, where a man identified by Belgrade television as a Serb was killed Saturday.

Tanjug press agency said more than 200 Serbs, mainly women and children, had fled Croatia across the Danube into Serbia because of shootings and bomb blasts that have become an almost daily occurrence.

Belgrade radio reported several explosions and gunfire in northeast Croatia overnight but mentioned no casualties. Croats and Serbs armed with automatic rifles sealed off villages with roadblocks, cutting off some supplies, and tensions were high.

The presidency said conflicts in Yugoslavia "threatened to escalate into interethnic conflicts of wider dimensions and have brought the country to the edge of civil war."

The meeting was attended by Prime Minister Ante Markovic and acting Defense Minister General Blagoje Adzic. President Franjo Tudjman of Croatia did not attend, saying he had pressing business at home.

Serbia has asked the presidency to protect 600,000 Serbs living in Croatia, saying their rights and freedoms are threatened. It blamed Croatia for Thursday's violence.

Croatia says the violence has been orchestrated by Serbia in an effort to provoke a state of emergency and thereby stop Stipe Mesic of Croatia from becoming Yugoslav president on May 15.

The presidency said it would meet again May 10.

U.S. Aide Arrives In China to Talk Trade and Rights

Reuters

BEIJING — The highest-ranking U.S. official to visit China in more than a year arrived in Beijing on Sunday for talks expected to focus on trade and human rights disputes.

U.S. officials said privately that Robert M. Kimmitt, undersecretary of state for political affairs, the third-ranking State Department official, would tell the Chinese about the political trouble they face in Washington, where President George Bush has less than one month to decide whether or not to renew Beijing's most-favored-nation trade status.

China-U.S. relations had begun to improve from the low point hit in June 1989 when Chinese Army guns and tanks crushed a nascent democracy movement. But they have again deteriorated.

Many analysts expect Mr. Bush, a former U.S. envoy to China, to give China another renewal. But many legislators opposed to giving China another year of privileged trade status are attacking Beijing's rapidly growing trade surplus with Washington. Beijing is also under fire for its record on human rights, copyright protection, export of goods made by prison labor and arms exports.

Vietnam Leader in Moscow

Reuters

MOSCOW — Prime Minister Do Muoi of Vietnam arrived in Moscow on Sunday, apparently to seek financial aid for his country. The visit was the first to the Soviet Union by a senior Vietnamese official in two years. It comes as the Soviet Union has cut financial support for its allies.

Pressure Mounts on Armenia

2 Soviet Ministries Take Azerbaijan's Side in Conflict

Reuters

MOSCOW — The Soviet Defense and Interior ministries have issued a joint statement saying that the separatist government in Armenia is responsible for violent frontier clashes with Azerbaijan.

As Armenians mourned at least 36 people killed in ethnic violence over the Azerbaijani border this week, the hard-line ministries issued a joint statement late Saturday.

"The entire responsibility for the crimes committed, for any possible tragic development of events, will lie with the Armenian leadership and those who seek to kindle the conflict," it said.

The Tass press agency, which reported the statement, said Armenia set up a special republican defense committee on Saturday night.

Armenia's parliament accused Moscow last week of dragging it toward war with Azerbaijan, which wants to stay in the Soviet Union. It said the central government was guilty of "state terrorism against the Armenian nation."

Armenia says Soviet and Azeri troops stormed the Armenian-populated villages of Getashen and Martunashen in Azerbaijan last Tuesday, killing 36 civilians and wounding dozens more.

The separatist Armenian National Movement said that 12 more bodies had been found in Martunashen and that 46 people were missing. There was no immediate confirmation of these figures.

The villages are on the fringes of Nagorno-Karabakh, the biggest of several Armenian-populated enclaves inside Azerbaijan that are claimed by both republics.

Armenian and Azerbaijani settlements dot both sides of the official frontier, and many Armenians say the violence is aimed at forcing their compatriots over the border out of Azerbaijan. Azerbaijan blames Armenian gunmen resisting Azeri rule in the region for the violence.

President Mikhail S. Gorbachev, who met separately with the presidents of both republics on Friday, also blamed the gunmen, according to the president of the Armenian Republic, Levon Ter-Petrosyan.

Mr. Ter-Petrosyan said in Moscow on Saturday that the KGB chief, Vladimir A. Kryuchkov, had promised, in Mr. Gorbachev's name, that the population of the two villages would not be deported against their will.

In a separate development, Boris N. Yeltsin agreed with the Soviet KGB chief on Sunday to create a separate Russian security service, part of Mr. Yeltsin's bid to set up state structures for his giant republic. Tass said Mr. Yeltsin and Mr. Kryuchkov agreed a Russian KGB would be set up.

Tass said the Russian parliament's leadership had appointed Major General Viktor Ivanenko as acting chief of the new service.

■ Officer Wounded in Riga

The man who led Soviet "black beret" troops from the Interior Ministry during their January attacks in the secessionist republic of Latvia was shot and wounded at his apartment in Riga, The Associated Press reported reported from Moscow.

The attack on the officer, Captain Cheslav Mlynnik, occurred Saturday, the first anniversary of the Baltic republic's declaration of independence, although it was not clear whether the events were related.

U.S. Employee Slain in Moscow

Reuters

MOSCOW — An employee of the U.S. Embassy in Moscow, thought to be the ambassador's butler, has been found dead, apparently murdered, embassy sources said Sunday, according to the Tass press agency.

The body of Clement Pandin, 66, was discovered Friday in a Moscow apartment with that of a lawyer identified only as Lebedev. Both men had apparently been strangled, Tass quoted police as saying.

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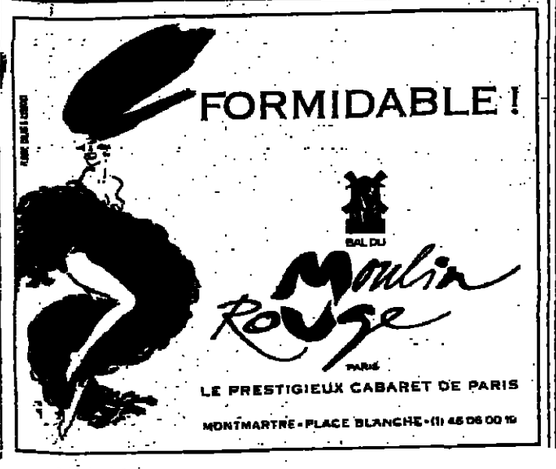

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OPINION

Nowhere Else to Go

Bangladesh's great cyclones are natural disasters, but their enormous tolls of death and suffering are the result of poverty and overpopulation. In a largely peasant society, land is everything. People desperately push out onto the coastal flats and islands to find plots on which to raise crops and animals, although much of that land is only inches above high tide even in normal weather. Every once in a while a cyclone comes roaring up the Bay of Bengal pushing tremendous waves ahead of it, and the destruction is always formidable.

The Bangladeshi government has said that upward of 100,000 people may have died, nearly all of them by drowning, in last Tuesday's cyclone. That estimate is entirely plausible. Some 200,000 people died in the 1970 cyclone as it churned through the Ganges delta a few miles northwest of last week's catastrophe.

The obligations of the rich countries to help are obvious and urgent. This emergency comes, as emergencies often do, at an inconvenient time for them because their relief agencies are occupied elsewhere, in this case with the Kurds. Fortunately, the rich countries have the means to address more than one disaster at a time, if they choose to use them. What is needed immediately is, as usual, clean water, food and the means to deliver them — especially helicopters. But concern ought to reach beyond the present disaster to consider the circumstances in which these tragedies keep recurring.

Bangladesh is by far the most densely populated of the large countries. With more than 110 million people, it has a population very nearly as large as Japan's, to take one example of a crowded country, while Japan has 212 times as much land. Much more important, Japan has the wealth and technical resources to protect itself, as far as human intelligence can, from natural disaster. Only economic development can bring Bangladesh the capability to move its people out of harm's way. But Bangladesh stands fifth from the bottom in the World Bank's ranking of countries by wealth (the last four are African countries, three of them entangled in current or recent civil wars).

If a few years from now you were to go back to the villages wiped out on Tuesday, you would probably find them full of people again. They know it is dangerous, but they have nowhere else to go and no other hope of scratching out a living.

— THE WASHINGTON POST.

Bush the Warrior

For three months last year, President George Bush defied the hasty hawks who wanted to turn Iraq into a parking lot after its brutal invasion of Kuwait. At least until Nov. 8, two days after the midterm election, the president's assignment to the U.S. forces in the Gulf region was to defend Saudi Arabia. He seemed to be filling the role of a brave statesman, using force in carefully measured amounts — and to achieve carefully deliberated goals.

The truth, it appears, was considerably different. Several newspaper and magazine reports have suggested that Mr. Bush was determined to go on the offensive from the start, against the advice of the military. And now a detailed new account gives weight to the view that the president only affected a posture of due deliberation.

As the glow of glory recedes and the costs of the war become steadily more evident, the public is left to think that in fact Mr. Bush responded fairly hastily himself, perhaps even impulsively.

In a new book, "The Commanders," an authoritative account drawn heavily from senior military sources, Bob Woodward portrays Mr. Bush as reacting viscerally to the invasion of Kuwait. Mr. Bush quickly determined to expel the invaders by force if necessary — short-circuiting a full airing of alternatives in internal deliberations. He revealed his thoughts only to a tight inner group that met without any clear agenda or conclusion. That left his military adviser, General Colin Powell, in the dark and unable to register his preference for economic sanctions and military containment.

This picture is sharply at variance with that conveyed by the administration, of a president who proceeded carefully, step by step. It paints him as a daring risk-taker, way out ahead of his advisers, pulling a cautious military, alliance and Congress to war.

Before the war, the administration had vacillated between reassuring and provoking Saddam Hussein. Having unwisely doubted an invasion, the president and people closest to him reacted angrily once it occurred.

On Aug. 3, just a day after the invasion and long before sufficient U.S. forces could be positioned in the Gulf, the president personally committed himself to protecting Saudi Arabia. "I give you my word of honor," he told the Saudi ambassador. "I will see this through with you."

By early October, his senior advisers sensed the firmness of his commitment and made little effort to shake it. General Powell had his doubts, but even after he smoked out Mr. Bush's intentions he stopped short of advocating his preferred policy. Nor could experts wise to the risks of political quagmire ever break in to make their case. On Oct. 30, Mr. Bush and Secretary of State James Baker briefed congressional leaders but said nothing explicit about the president's war policy. Later that day Mr. Bush doubled U.S. troop levels — a decision not disclosed to the public until the election was past.

There is no question that Congress had its chance to contest the war policy — but stayed home. And unquestionably, a president is free to ignore outside critics. What is worrisome about these recent accounts is that, in his rush to declare for war, Mr. Bush seems to have ignored military advice.

— THE NEW YORK TIMES.

More Work for Ozal

Before President George Bush finally decided to support safe havens for Iraqi Kurds, he telephoned Turkish President Turgut Ozal. It was his 43d such call to Ankara. This only begins to suggest why Turkey's solid, foursquare president is now seen as an essential partner in the quest for a more stable new order in the Middle East. Yet if this relationship is to become more than a marriage of necessity, it will require steady, tactful U.S. pressure, and a new willingness in Turkey to look again at old differences.

The reason for Washington's solicitude is obvious. Turkey's support proved critical during the Gulf war. At Mr. Ozal's urging American troops are now being deployed across Turkey's borders in northern Iraq.

But interests collide. The United States wants to protect the Kurds, while Turkey wishes to keep them at a safe distance from its own disaffected Kurdish minority. Hence the risk of more incidents like Friday's three-hour border closing that evidently stemmed from Turkish suspicions that Americans were smuggling guns to Iraqi Kurds.

Meanwhile, domestic pressures crowd Mr. Ozal. Ankara moved rapidly to cut Iraq's oil pipeline, mass soldiers on the Iraqi border and give the United States full use of Turkey's military bases. Yet if Turkey's forward role pleased the United States, it sat badly with many of Mr. Ozal's own people. Opponents say he exceeded his constitutional authority. His decision on the bases led to an angry walkout by his armed forces chief. His open tilt to the West helped ignite a resurgence of fundamentalist terrorism.

A prudent risk-taker, Mr. Ozal last week turned the tables on his radical critics by genially welcoming a state visit by his Iranian counterpart, Hashemi Rafsanjani, the highest ranking Iranian to come to Ankara since the shah's fall.

Few dispute Mr. Ozal's juggling skill or the fact that he is owed rewards for his boldness in the Gulf war. The question is whether he will press only for predictable compensation: more military aid, no longer limited by the level of aid to Greece, and freer access for exports, notably textiles.

Always underestimated and too often ignored, Turkey sits at the fulcrum of a dozen overlapping worlds. It is NATO's only Muslim member, and wants to join the European Community. Mr. Ozal has managed the neat trick of cultivating ties with Turkish-speaking Soviet republics, notably Azerbaijan, without irking Moscow.

But his stature will be measured by his courage in dealing with Kurdish rights at home, and in ending Turkey's old quarrels with its Greek neighbors. Ankara has already begun to relax laws restricting use of the Kurdish language, but far more needs to be done for an unfairly repressed minority. And there is little movement on disputes with Athens over Aegean air and sea rights, and over Turkey's military intervention in Cyprus. Merely to suggest that these chronic sores could be healed is a measure of the impression Mr. Ozal has made. Once dismissed as a technocrat, he now has a chance to show himself as builder and reformer with something like the audacious vision of modern Turkey's founder, Kemal Ataturk.

— THE NEW YORK TIMES.

Other Comment

Pan Am Helped Save Berlin

Pan Am has ended its inner-German service. An era is over. Looking back, one can say that Pan Am definitely helped to keep free Berlin alive. It contributed to West Berlin becoming a show window of freedom and of the success of the free market system.

The American private enterprise Pan Am together with British Airways and Air France were in the front lines, especially in the harsh years between 1948 and 1971, in helping to keep up Berlin's ability to live. When the Soviets blocked land access to the city in June 1948, the air became the umbilical cord that still connected West Berlin with the outside world. When the blockade ended a year later, land access remained blocked for many. The arbitrariness of the Soviet occupiers and their German bloodhounds ruled over the few roads which led from the island city to the free part of Germany. Without the air traffic kept up by the Americans, British and French, Berlin would not have survived.

— Welt am Sonntag (Hamburg).

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Yugoslavia: The Divorce Had Better Be Peaceful

By William Pfaff

PARIS — The "South Slavs" should never have been put together. To do so may have seemed a good idea at the time, but today it seems otherwise — although those most concerned have yet to confront the alternatives, which could prove much worse. But when people are determined no longer to live together, the problem becomes how to divide them with as little bloodshed as possible.

The two sides in Yugoslavia belong to different politico-cultural worlds. Muslim and Orthodox in the south and east, where the Byzantine and Ottoman empires dominated until the 19th century, and Roman Catholic in the northwest, where the Slovene people live in close proximity with Alpine German-speakers and Italians, and the Croats with Hungarians.

From the early 19th century, rival ideas existed on uniting the South Slavs. The Croatian view was that there should be a Croatian nation extending from the Alps to the Black Sea (which meant Bulgaria's inclusion as well). Serbs preferred a greater Serbia of not dissimilar dimensions.

The irenic "Yugoslav" idea was also put forward in the 19th century. It said that these were different but fraternal nations which ought to cooperate with one another and their smaller Slavic neighbors. To everyone's surprise, the Yugoslav idea won out [illegible]. The western allies liked it, both Slovenes and Serbs feared the disorder [illegible] by war in Austria and Germany, and the Croats feared Italian [illegible].

Serbia had been independent before the war (indeed, had contributed crucially to setting the war off), so it possessed the administrative apparatus to run a united South Slav state. Croats and Slovenes accepted unqualified union with Serbia. This turned into a Serb-dominated dictatorship in 1929, which collapsed in 1941 under the shock of Axis invasion.

A Croatian fascist state allied to the Axis was created, and Serbia was partitioned. The partisan and civil war of the 1940s was won by the Yugoslav Communists under Tito, a Croat, because the Allied powers favored him with aid and also because he advocated unity against the invaders. He mobilized a common patriotism to confront a peculiarly brutal occupation.

He was able to maintain unity after the war thanks to the federal structure he created, with widely dispersed power except for his own, by his prestige as war leader, and because of the Soviet threat to Yugoslavia. It was possible then to believe that a multinational Yugoslavia could survive him.

This no longer is plausible. The immediate reason is the revival of Serbian expansionism under the deplorable Communist demagogue Slobodan Milosevic. The underlying disintegrative forces are not only ethnic and historical but also the economic and cultural discrepancies that persist among the component Yugoslav nations.

Slovenia and Croatia have installed democratic institutions and want independence and attachment to the European Community. Serbia wants an authoritarian federal Yugoslavia which it can dominate. The army seems to agree with that; 70 percent of its officers are Serbs. Montenegro's leaders also apparently agree. Where Bosnia-Herzegovina and Macedonia would stand in a crisis remains unclear.

Serbia has already virtually annexed ethnic Albanian Kosovo, which Tito had made autonomous. While Croatia has renounced territorial claims on Serbia, based on the existence of Croatian minorities there, Serbia has not done the same with respect to the Serbian minority in Croatia (11 percent of the population). Quite the contrary. Fighting was only narrowly avoided in October when certain Serb communities in Croatia declared autonomy and attachment to Serbia.

Mr. Milosevic's leadership is not uncontested in Serbia. There were serious disorders in March protesting his policies. Serbs sympathetic to the federal prime minister — Ante Markovic, whose economic policies have produced notable recent successes in controlling inflation and promoting exports — have declared that they repudiate the idea of life "in a Serbia isolated from Europe and the world by the actions of its president, and now isolating itself from Yugoslavia itself."

Reasonable solutions have a low success incidence where ethnic and national passions are in play. The reasonable solution, which the U.S. and European Community governments support, is a loosened democratic confederation of the Yugoslav nations with a degree of centralized economic authority — a central bank, a national currency. Power over taxation, security and external relations would be given to the confederal states.

Civil war is an unreasonable solution, but quite possible. Another unreasonable solution is breakup, which, if civil war did not distort the outcome, would leave Croatia and Slovenia independent, Serbia presumably dominating Macedonia and Montenegro, Bosnia who knows where, and possibly war anyway between Serbia and Albania over Kosovo.

Yugoslavia's neighbors prefer the reasonable solution. The actual choice may lie between the two unreasonable ones. In that case, breakup obviously is better than civil war. But the European democracies and the United States should make it plain what they think, and try to bring home to the Yugoslavs the consequences of the course the country now is on — which seem little considered, as if someone else would pay the price for what the Yugoslavs chose to do to themselves.

The Western powers should make it clear to Belgrade that the West today has neither time, space nor toleration for ethnic wars — that such wars will be blocked if possible, otherwise isolated, and eventually punished through the economic and political ostracizing of those responsible for starting them. If the South Slavs cannot live together, they must at least go their separate ways in peace.

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Neither Quagmire Nor Empire, but Cautious Help

By Brian Beedham

LONDON — The countries of the West, or those of them prepared to face up to it, are on the verge of a novel experience. The novelty understandably makes them nervous. So they need to be clear in their minds what is being ushered in by the attempt to rescue the Kurds, what the dangers of the new period are (and what they are not) and why the task cannot decently be ducked.

For the first time in something close to living memory, self-constraint rather than external constraint is the chief limitation on the foreign policy of the democracies. The tumultuous changes of the past year or so — first the withdrawal of the Soviet Union from the international stage, then the military defeat of the Third World's most dangerous dictator — mean that it is now easier than at any time since the early 1930s for the democracies to stand up for what they believe to be right, and to resist what they believe to be wrong.

No great hostile power holds up a forbidding finger; that is the effect of the Soviet exit. Smaller anti-democratic powers are impressed not only by the West's ideological victory in the Cold War but also, now, by its unexpected efficiency in hot war; that is the effect of the Gulf conflict.

So, hesitantly, the United States and some of its European allies proceed from the recapture of Kuwait to the attempted saving of the Kurds. They thereby cross the line between righting an international wrong and trying to stop a wrong inside somebody's borders. This is new territory.

Very properly, they do so with caution. They know that interventions like this can be militarily risky. They also know that poking about inside other people's countries is widely unpopular. Too many countries have too much to hide. The United Nations purses its lips. The democracies themselves do not want a world in which it becomes a habit for everybody to go charging into everybody else's business, because that would be chaos. They are duly wary.

Between doing it warily and not doing it at all, however, is the difference between accepting the challenge of this new period and turning one's back on it. Because novelty is alarming, the back-turning, don't-do-it-at-all lobby is large. It is also using some shrilly bogus arguments. Here are three of them.

We're walking into a quagmire. No, we are not. There is certainly plenty of mud around the place, and the allies have already kicked up gobs of it (confusion in finding the right Kurds to deal with, squabbles with Turks who have their own Kurdish problem). There are doubtless some quicksands into which one could disappear; an attempt to push an army into Baghdad would probably be one of them. But all the evidence so far suggests that George Bush, John Major and François Mitterrand have identified the quicksands and can endure muddy boots.

Their aim seems to be limited, and within the scope of their recently demonstrated military power. They have set out to do as much as they can to make things better for the Kurds — and they can probably do quite a lot — without being sucked into a permanent occupation of Iraq.

"Quagmire" is a word people use when they want to intimidate rather than argue. There are dangers in the Kurdish operation, to be sure. The quagmire accusation assumes that these dangers are unavoidable, and fatal. The huge circumspection with which the allies have so far tiptoed into the business of helping the Kurds, and into northern Iraq, suggests that that is a wild exaggeration.

It's none of our business. Well, only up to a point. It is true that one of the sternest rules of the late 20th century has been that countries should keep out of each other's internal affairs. The rule has an excellent explanation: It means fewer wars. But it also means that the world has to contemplate, with folded hands, the brutalities that assorted thugs visit upon the people who come under the definition of "internal affairs."

There is no distinction of kind between the brutalities Saddam visited upon Kuwait it and those he has visited upon the Kurds (except that he did not gas the Kuwaitis). One set of atrocities took place on one side of a dotted line, the other on the other; that is all. Does that dotted line really prohibit further action?

No, the allies are now cautiously saying; but they do not want to say that international borders no longer mean anything at all. What is happening is what happens whenever a change takes place in the international balance of power. The rules are being modified, without being entirely scrapped. An attempt is being made to define when outside intervention is permissible, and when it is not. It was Saddam Hussein's brutal folly in grabbing Kuwait that made his Iraq the laboratory in which the experiment is being carried out.

But this is imperialism! No, it isn't, not if by that word you mean the sort of thing that happens in real empires — the old British empire, or the still existing Russian one. In such places the laws are issued from the imperial center, enforced by imperial garrisons and supervised by implantations of people sent out from the empire-owning country. Nothing remotely like that is contemplated by the democracies now trying to work out the rules of 21st century international life. They are after something much more limited, more indirect and less systematic. They merely wish to be able to diminish some of the world's more egregious inside-dotted-lines horrors.

To this end they are prepared to use economic leverage. Economic leverage may sometimes have to be reinforced by a physical presence, an insertion of protective policemen or honest election-supervisors. As far as possible, all this should be done with the world's consent, through the machinery of the United Nations (although it must be recognized that the United Nations will often have to depend upon the unmistakable backing, just offstage, of Western aircraft and tanks).

None of this resembles the way the British ran India or the Russians try to run the non-Russian parts of their empire. No policy of re-imperialization is in prospect. But it does not follow that power cannot and should not occasionally reach across borders to rectify great injustices, provided it is done with self-restraint, according to a coherent set of rules, with an eye cautiously cocked on the obvious dangers.

The alternative is to let men like Saddam Hussein go on doing as they like so long as they can keep on killing those who protest. The suffering of the Kurds will not cease if America and Europe turn their backs. It will just retreat to the edge of the civilized world's consciousness, and go on nagging the back-turners from there.

International Herald Tribune.

The Big Boss Isn't Inclined to Listen

By Leslie H. Gelb

NEW YORK — General Colin Powell favored strangulating Iraq by economic and defensive military means and opposed President George Bush's emerging war strategy, as late as October. That is what the chairman of the Joint Chiefs and/or his aides told Bob Woodward for his new book.

Does the revelation of this brief apostasy vindicate the war critics? Why did the general tell such an explosive story? What does the Woodward account suggest about the workings of this presidency?

The answers are:

1. No vindication, but the Powell position shows that the critics had strong arguments shared by many in the Bush administration.

2. The leaking of the story points to the general's concern for his posterity and to the deepest worries of the military establishment.

3. Bushville, like most recent administrations, is not a good place for open and honest discussions where "the players" take long, hard looks at the facts and options. A jovial, ill-disciplined lot. Too bad for us.

War critics will certainly welcome the company of General Powell. They made a legitimate case for giving economic sanctions a longer run before going to war, and they deserve the respectability imparted by the general's shadow.

Mr. Bush, however, chose the right course. Neither General Powell's early qualms nor the bloody mess of postwar Iraq derogates from this central point: Mr. Bush correctly set out to destroy Iraq as a military threat to its neighbors and to the West's oil lifeline — and he did it. It is doubtful that the world would have been able to sustain long-term military presence and sanctions. But even had that proved possible, Saddam Hussein's military superiority over his neighbors would have remained intact, and he still would have been able to murder his own people.

As for the general telling tales out of school, he can be forgiven. He looked at the size of Iraqi forces and the messiness of war, and trembled at the potential costs — like any sane person. If the war went sour, he wanted his marker of dissent on record. He is, after all, an outstanding man, a black man and a leader of men who could and would be president.

But the general also reflected the scars inflicted on the military by the Vietnam War and wanted to protect his cherished institution. Vietnam destroyed public faith in the military, and the Pentagon struggled for years to re-establish public trust. Rightly, General Powell was not eager to throw all away again, perhaps irrevocably, in an impetuous Gulf war of highly uncertain popularity.

Mr. Woodward, an editor at The Washington Post, makes much of the general's bureaucratic somersaults: He feared to tell the president of his preference for continued sanctions; he meekly had to package the sanctions option alongside the Bush war option and pretend that both were equally plausible. Alas, that's what it's like talking to the boss in the capital city, or almost anywhere else. Presidents take dissent for disloyalty. Most need to be surrounded and cajoled — as Clark Clifford, the ultimate master of counseling presidents, relates in his forthcoming memoir, which includes hair-raising stories about trying to walk Lyndon Johnson out of Vietnam.

General Powell was also described by Mr. Woodward as unhappy about sloppy White House meetings where alternatives "were not completely discussed" and where "clear decisions rarely emerged." It is hard to believe, however, that the amorphousness of government meetings deranged such an experienced warrior. He served as NSC adviser to President Ronald Reagan and knows that the real meetings usually take place later in the Oval Office, among the innermost intimates.

Perhaps the most striking feature of the Woodward book is that many of these Bush intimates are now beginning to nibble away at each other with nasty little stories. Until a couple of weeks ago, Bushville had been the very model of a discreet and self-satisfied bunch of moderate conservatives who seemed to be getting along quite well.

Their civility was a pleasant change for Washington. But, apart from the bold stroke against Iraq, it was purchased at the price of doing nothing. Maybe if the Bush team enjoyed a little less conviviality they might look outside their windows and do something for the rest of us.

The New York Times.

Southeast Asia: Autocrats Out of Step

By Keith Richburg

HONOLULU — The tide of democratic reform that has transformed Eastern Europe, altered the political landscape in South America and struggled to emerge in Africa remains unwelcome to Southeast Asia's authoritarian regimes.

For the last decade, the prosperous Southeast Asian states — with the notable exception of the former American colony of the Philippines — have impressed the world with their well-managed economies, dynamic growth and surprising record of stability despite internal racial strife and the cataclysm of the Vietnam War.

Despite all these achievements, throughout much of non-Communist Southeast Asia opposition politicians and dissidents are harassed and sometimes jailed under sweeping internal security acts. Newspapers are expected to echo the government line or they are shut down. National legislatures function largely as rubber stamps. The right to stage public protests is severely restricted, if allowed at all. And elections are largely stage-managed affairs in which voters are cajoled to ratify the ruling parties' actions. To most Southeast Asian autocracies, whether one-party states or military-bureaucratic regimes, "loyal opposition" is a contradiction in terms.

The Asian autocrats usually offer predictable justifications for their heavy-handedness: Our country is too diverse, with too many races and religions, to allow Western-style liberties. We have a Confucian tradition. Our people are not yet ready for your brand of democracy. The government is too busy looking after economic concerns. And don't forget, the Communist threat is still very real.

With their remarkable prosperity today, it is easy to forget that most Southeast Asian countries were fighting indigenous Communist insurgencies well into the 1970s. These states were once considered the wobbly "next dominoes" likely to go tumbling if America ever "lost" in Vietnam.

America lost, but the dominoes stood. However, preoccupied with the Cold War, successive U.S. administrations turned a blind eye to Southeast Asia's poor record on human rights and individual liberties — even while decrying authoritarianism elsewhere around the globe. Thus, Southeast Asia's rather undemocratic regimes manage to remain immune from most public criticism. They were growing, they were prospering and, above all, they were on America's side.

The decade of the 1990s poses difficult new challenges for the region, however. Where the '80s were concerned with economic growth, the task for the '90s will be to build stable political regimes that can accommodate growing demands for pluralism while ensuring that the inevitable transfer of power can be accomplished in an orderly manner. If they are to avoid internal chaos as an aging generation of leaders passes from the scene, Southeast Asia must follow the lead of South Korea and Taiwan and find a way to close the gap between economic and political development.

The writer, who covered Southeast Asia for The Washington Post from 1986 to 1990, is a visiting fellow at the East-West Center in Honolulu. He contributed this to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Strike Violence

BRUSSELS — The situation is hourly growing more and more serious. At Liège and in its vicinity several dynamite outrages have been committed, which although causing no loss of life have destroyed much property. Attempts have been made to blow up the houses of mine managers and of the few workmen who have not struck. The strikers have also made attempts at various points to set forests on fire.

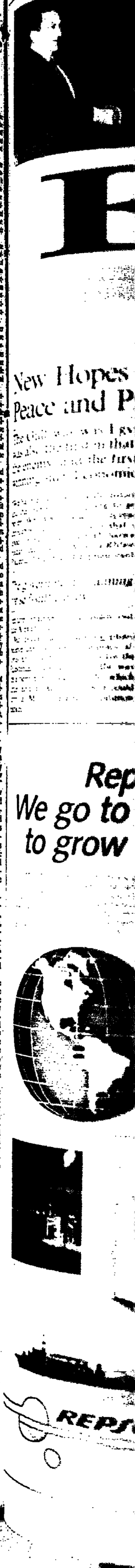
1916: Rebels Executed

DUBLIN — A communique from the Military Headquarters announces that a court-martial has condemned the following rebels to death: Joseph Plunkett, one of the signatories of the proclamation of the republic; Edward Daly, Michael Chanlon and William Pearse. All four were executed this morning [May 5], after confirmation of their sentences by the Commander-in-Chief of the Forces in Ireland. Fifteen other rebels were condemned to death, but their sentence has been commuted to one of ten years' penal servitude.

1941: Belfast Bombed

BELFAST — [From our New York edition]: German raiders dumped thousands of incendiary and explosive bombs on this capital of Northern Ireland Sunday night [May 4] in a fierce three-hour attack exceeding in intensity the April 15 raid, in which 500 persons were killed and many wounded. A late check [on Monday], however, revealed that casualties were not as heavy as at first feared although they were high.

Irish fire brigades and ambulances from Dublin and Dundalk pitched in beside Ulstermen for a night-long cooperative battle against the ravages of the heavy German air raid. It was the second time such cooperative action had been undertaken by the old rival elements of this island — part at war, the rest precariously neutral.



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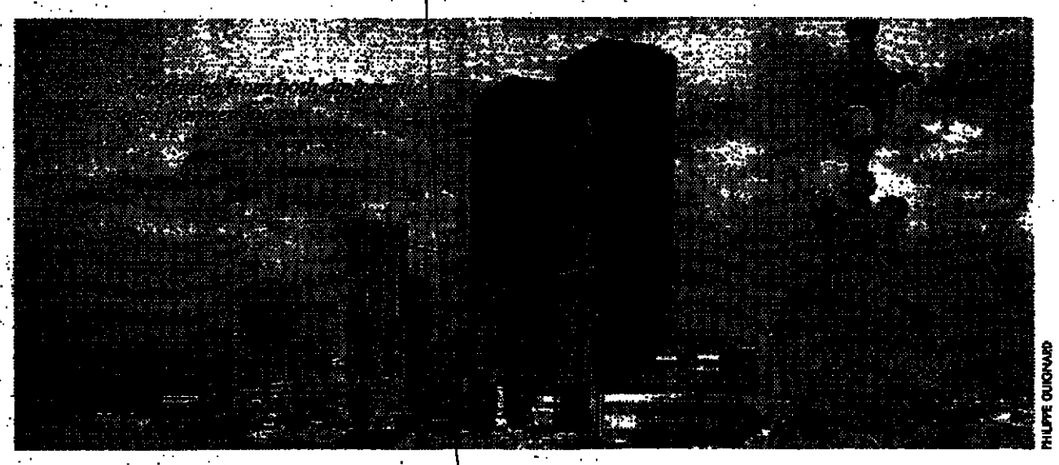
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THOMAS HARTWELL

EGYPT

BUILDING ON ALLIANCES

New Hopes for Regional Peace and Prosperity

The Gulf war was Egypt's fifth war in 43 years. It was also the first in that time in which Israel was not the enemy, and the first in which Egypt was on the winning side. Economic changes will follow.

"We have great hope for the future, and that everything is going to get better. We expect peace to spread throughout the region, and that is good for business," says H. Sarwat Hagar, chairman of Amriya Rhône-Poulenc, the French-Egyptian joint-

The government is aiming for self-sufficiency

venture pharmaceutical plant outside Alexandria.

Mr. Hagar says many Egyptians believe that postwar diplomacy affords an opportunity to resolve the Palestinian issue and pave the way for a permanent peace, under which Israel and its Arab neighbors could form a Middle Eastern common market.

"A common market is a must," he says. "We need it more than Europe does. We are small countries, and we have to complement each other. But we can never speak about that until we have real peace with Israel."

President Hosni Mubarak's tough anti-Saddam Hussein leadership made Egypt one of the Middle East nations with both the most to lose and the most to gain from the Gulf crisis. But the gamble paid off, and Egypt is now reaping the rewards of contributing nearly 40,000 troops to the coalition forces.

Beyond the short-term benefits, however, Egypt hopes to emerge as an open-market beacon in the Middle East for foreign traders and investors. After decades of economic dependency, the Mubarak government is aiming for self-sufficiency.

But it won't be easy.

Since the 1952 revolution that brought the socialist-minded Abdul Gamel Nasser to power, Egypt has been plagued by massive foreign debts and trade deficits. By the time Saddam Hussein's forces invaded Kuwait last Aug. 2, Egypt's nearly $50 billion foreign debt exceeded the annual gross national product earnings—less than $700 per capita for a nation of 55 million.

Consequently, revenues that could have gone for infrastructure improvements, education, technology or business expansion programs instead had to pay the interest.

Growth potential was also limited by the trade deficit. Last year, Egypt produced goods that were sold for $6 billion abroad, while importing $10 billion worth of foreign goods; money that could have helped Egyptian

Continued on Page 8

Integrating the Issues Of the Third World

Butros Butros Ghali, Egypt's minister of state for foreign affairs, discusses the Gulf war, democracy, Arab unity and other issues in an interview with Timothy Harper that took place in Cairo on March 7, a week after the end of the war.

Egypt had what the British would call a good war. Would you agree?

You must discuss this at different levels. If you are are thinking in terms of Egypt, yes, we had a good war. If you are thinking in terms of

The Third World must take a global approach

the Arab world, no, it was not a good war. After all, two Arab countries have been completely destroyed.

I believe that what happens now after the war is more important than the war itself was. The postwar problems are more complicated than the problems of the war. An important postwar issue is the Palestinian problem. Here we have a double standard. United Nations Resolution 242 [calling for Israeli withdrawal from the occupied territories] was adopted in November 1967 and has never been implemented. Resolution 660 was adopted in August 1990 and was implemented a few weeks later. Even if we opposed political linkage between the two problems, we are certainly saying there is a legal link. After all, it is the same Security Council, and the resolution was adopted on the same basic principle — no acquisition of land by force. And it was adopted by the same consensus. So how come only one resolution was applied? We know that there are differences in the polit-

Continued on Page 12

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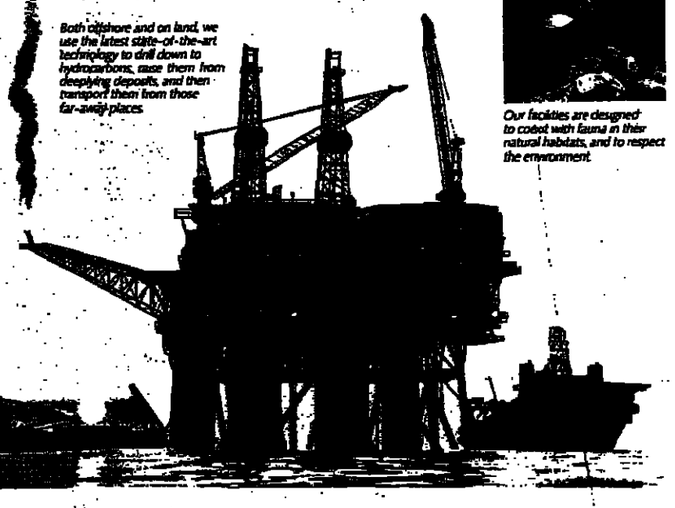

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	1988	1989
TOTAL ASSETS	1, 624	2, 289
TOTAL LOANS & OVERDRAFTS	519	743
TOTAL DEPOSITS	1, 164	1, 543
SHAREHOLDERS' EQUITY	226	263
NET PROFIT AFTER TAX PROVISION	33	44

Figures Rounded to Egyptian Pounds in Millions

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After the Gulf Shock, a New Infusion of Support

The scope and magnitude of the economic support Egypt is receiving from Gulf states, Western allies and multilateral organizations is more than offsetting the losses incurred since the Gulf crisis.

Egypt's contribution to the Gulf coalition has been reciprocated in aid.

THOMAS HARTWELL

The influx of aid promises to give the Egyptian economy a new boost, opening the way for unforeseen opportunities for growth and development.

The Gulf crisis shook the foundation on which the Egyptian economy had thrived over the last 15 years. The Iraqi invasion of Kuwait last August resulted in a sharp drop in the level of regular expatriate remittances over the following months. These are the country's main source of foreign exchange and brought in

Influx of aid promises an economic boost

more than $3 billion in transfers during the year before the invasion.

The crisis gave rise to fears about safety as it became clearer that a war was inevitable and terrorist reprisals could not be ruled out. This dealt a blow to tourism, slashing the fast-growing sector's $2.4 billion earnings by half.

It also cut traffic in the Suez Canal, reducing its income by $300 million to $750 million.

Returns from oil exports rose slightly during this period, but this did not help rectify the trade balance. A fall in imports as economic activity slowed down and uncertainty cast its shadow on investments helped only slightly.

The return from Kuwait, Iraq and Jordan of a huge number of expatriates, estimated by the government at 750,000, not only cut by about one-third regular foreign exchange inflows from expatriates, but also weighed heavily on overburdened social services and exacerbated the problem of unemployment. The Egyptian government estimates the cost of providing social services for those who returned at more than $1 billion, and that of creating jobs for them at $7.5 billion.

The latest statistical report issued by the Ministry of Planning, however, show that capital inflows from some three million Egyptian expatriates in the Gulf region almost doubled in the six months following the invasion. This indicates that fears about liquid assets in the Gulf facing a fate similar to that of deposits in Kuwait and Iraq prompted the repatriation of large sums in savings that were deposited overseas.

To help Egypt cope with the crisis and to show appreciation for the participation of 40,000 Egyptian troops in the allied effort, Gulf states sent $2.5 billion in emergency aid a few weeks after the crisis broke out. The funds were contributed by Saudi Arabia, the United Arab Emirates and Kuwait.

The Gulf states also slashed $7.7 billion off Egypt's $52-billion foreign debt. The Gulf Cooperation Council created a $10-billion fund to finance development in countries that opposed the invasion of Kuwait, with the bulk of the funds expected to be oriented toward projects in Egypt and, to a lesser extent, Syria.

In the United States, Congress took the unprecedented step of writing off $7.1 billion in military debts owed by Egypt. Together with a similar move by the Gulf states, this reduced the country's prewar foreign debt by about one-third, to $35 billion.

This debt, which Egypt has been unable to service since the end of 1985, is likely to be cut further, by about $11.5 billion, when the Paris Club of Western creditors makes an expected decision to forgive half of outstanding payments owed to its members. There are positive indications that the move is likely to be made, with the United States pledging its support and other Western nations publicly declaring their sympathy with Egypt's case.

The expected Paris Club move, coupled with its agreement to reschedule another $11.5 billion, would result in cutting Egypt's foreign debt to one-third of its total before the crisis, and reducing debt servicing payments from about $4 billion to a little more than $1 billion in the year starting next July.

This should help the Egyptian government implement its agreement with the International Monetary Fund to bring the budget deficit under control. The IMF and the World Bank are to contribute about $1 billion in balance-of-payment support and soft loans to balance the impact of deficit-cutting measures.

The IMF is to provide $350 millions over 18 months, with payments linked to its quarterly monitoring of the Egyptian government's fulfillment of the agreement.

The government has also agreed on the details of a structural adjustment program, which is to be formalized in June. This entitles Egypt to sectoral loans provided by the World Bank, which will finance projects coupled with reducing government intervention in energy, agriculture, industry, transport and trade.

The Egyptian government's subsidization of public-sector industries and services will be gradually lifted as financial restructuring measures are carried out according to the terms of a new public-investment law that is being discussed in parliament. This would promote equal treatment for publicly and privately owned enterprises, further increasing private investments, which amounted to a record 31 percent of total investment during the second half of 1990.

Other liberalization measures agreed upon with the IMF and the World Bank include freeing the country's foreign trade by reducing protection and gradually lifting a ban on some imports and exports.

Liberalization measures adopted earlier have helped spur growth in the predominantly government-owned industry sector, where the number of loss-making firms fell drastically, profitability rose by 30 percent, output increased by 11 percent and exports registered a record of more than $700 million in the year ending June 1990.

Agriculture made comparable strides during the same period as the prices of crops procured by the government, including cotton and wheat, were gradually allowed to rise closer to their international levels.

The continuing growth of these two sectors, along with the expected resumption of growth in the tourism sector, will provide a boost for the economy. The influx of foreign aid, including $2.7 billion in military and civilian aid from the United States, should revive the energy and construction sectors, and project-financing funds will help them develop and grow.

Olfat Tohamy

New Hopes for Regional Peace and Prosperity

Continued from Page 7

factories expand and hire more people was instead going to factories elsewhere.

Egypt's main sources of foreign income are tourism, Suez Canal receipts, oil revenues and remittance money from the estimated two million Egyptians who work in other Middle Eastern countries and send their paychecks home to provide for their families.

After Iraq invaded Kuwait, rising prices meant an increase in Egypt's oil revenues. But the increase proved temporary, a brief spike in the charts, and was more than swallowed up by the losses to Suez, tourism and remittance revenues.

Hundreds of thousands of Egyptian workers who had been sending money from Kuwait and Iraq streamed home, becoming jobless refugees in their own country. Ships stopped using the Suez Canal, both because of the United Nations embargo on Iraq and because of the danger to shipping.

Perhaps worst, the hundreds of thousands of foreign visitors expected for the 1990-91 tourist season stayed home. Billions that can never be recovered were lost.

Now, however, Egypt believes the only way is up.

The rebuilding of Kuwait, for example, promises a boom for Egyptian companies and workers, many of them serving as subcontractors for American and British companies.

As another positive effect of Egypt's coalition loyalty, foreign debts are being forgiven — from the $7 billion each owed to the United States and Saudi Arabia, to the $78 million owed to Finland and the $1.3 billion to Spain. In all, the debt that had been in the neighborhood of $50 billion is expected to dip to $30 billion, perhaps less.

Since a large share of that debt is government to government, Egypt is expected to benefit from a rescheduling by the Paris Club, which represents leading industrialized countries in managing Third World loans.

The rescheduling will follow the International Monetary Fund's formal approval of a series of economic reforms in Egypt. Those reforms, which have already been agreed upon in principle, include lifting exchange controls, freeing interest rates, reducing the budget deficit from 15 percent to 9.5 percent, removing investment restrictions, promoting private industry and withdrawing subsidies and price controls on food, fuel and other products.

"Egypt is implementing a comprehensive economic reform package," says Atef Mohamed Ebeid, Mr. Mubarak's cabinet secretary and minister for administrative development. "These components of reform are very healthy. We did not accept them because they are being imposed by the IMF. We believe that the reform package is very good for Egypt."

Whatever the reason, the Mubarak government's plans to reorganize the poverty-plagued economy could have more long-term significance than its warm postwar relations with the West.

After years of criticism for its caution, the government has placed on its agenda an aggressive legislative overhaul aimed at reducing the inefficient public sector's stranglehold on the economy and ushering in an era of privately oriented free enterprise.

Along with privatizing large chunks of the public sector, the Mubarak government is laying plans for new incentives to attract foreign investment and trade. Further encouragement for joint ventures is expected, along with new incentives to foster a generation of homegrown entrepreneurs starting Egyptian-only businesses.

Mr. Ebeid says the better climate for private enterprise, foreign investment and international trade will lead to growth that creates jobs and raises living standards.

Along the way, he admits, rising inflation and unemployment — currently estimated at 30 percent and 20 percent, respectively — could hurt the poor and lead to the sort of social unrest that has been blamed for the rise in Muslim fundamentalism.

As a result, Mr. Ebeid says, it is important for Egypt to obtain transitional loans and grants from the World Bank and individual Western and Gulf countries. He says such aid is needed not only as a bridge for the transformation between public and private economic orientation, but also to fund education, training and other programs laying the groundwork for a market-driven, bootstrapping culture.

Western executives already working in Egypt often complain about the government bureaucracy and its regulations aimed at protecting the public sector, but many believe Mr. Mubarak is finally determined to change things.

General Motors Egypt did send some American executives home during the Gulf crisis. But, says Ronald Nardi, the chairman and managing director who took up his job last summer just before the invasion and stayed throughout the war: "I had heard all the horror stories before I moved here. But I've been pleasantly surprised. The people are friendly and helpful, and I've never felt any anti-American sentiment. I had heard the telephones didn't work, but they do."

Despite the glowing optimism, there is a note of caution from Egyptians who have seen many promises go unfulfilled over the years. "We shouldn't make too much of the politics involved with the war," says Mohamed Nosseir, one of Egypt's leading entrepreneurs.

"Foreign business is not going to come to Egypt because we're nice guys," he says. "Foreign businesspeople will come to Egypt because they can make money off us. Our stand in the war was our passport."

Timothy Harper

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1991 Legislation Expected to Spur Privatization

This year, many observers believe, the Mubarak government will enact the raft of long-pending legislation designed to launch Egypt into the world of private enterprise and free markets. This will represent a fundamental change in the way Egyptians and foreigners do business.

A few days after the shooting stopped in the Gulf war, the Egyptian Ministry of Housing called Sami Saad at the headquarters of his private construction company on the outskirts of Cairo.

"Send in your passport so we can have it processed. Be ready to go on a moment's notice. We're going to help rebuild Kuwait," the ministry told Mr. Saad.

At this critical time for Egypt, as the rest of the Middle East and the rest of the world turn to Cairo for political and economic leadership in the region, the Egyptian government is pinning its future on the private sector.

"I feel there are tremendously serious changes coming in the near future, in the next few years," Mr. Saad says. "The laws are now changing to serve the liberation of the economy."

Privatization is a goal frequently cited by the government of President Hosni Mubarak, and before him the government of the late Anwar Sadat. Yet many economists, politicians and businesspeople, both inside and outside Egypt, have complained that Egypt is moving too slowly and doing too little.

State-run companies, with central planning systems often plagued by inefficiency, still dominate most manufacturing and other industries. Even in agriculture, where the most advances in privatization have been made, through the sell-off of state chicken farms and other enterprises, the state still controls about half the economic output of the sector.

"We're now in a context of structural adjustment," says Heba Handoussa, an economist and vice provost at the American University in Cairo. She says the pending legislative package is both a state "decontrol" of the economy and aid incentives to spur trade and investment.

One part of the program calls for the sale of about $800 million worth of shares in more than 200 small and medium-sized public corporations.

Another calls for the reorganization of 390 large government-owned companies worth $10 billion. Several quasi-governmental holding companies would provide independent, private-oriented management, while acting as the government's shareholder.

The goal is for the holding companies to rationalize where possible, sell off where profitable and liquidate where necessary, Miss Handoussa says.

"Later this year, the government will introduce the framework for these changes," she says. "It will happen. The political support is there. The government is totally open to letting the economy act according to market forces."

She adds that those changes, along with deregulation of trade and the lifting of exchange controls, will attract new foreign investment and create new import-export opportunities.

Just as important, she says, the vast sums of capital invested abroad by wealthy Egyptians — some put it as high as $40 billion, though she considers it to be closer to $20 billion — will begin to come home.

"Egyptians will find it as attractive, if not more so, to bring their savings back and put it in enterprises in Egypt," she predicts.

The pending legislation is important, but many Egyptians who head private companies have also been encouraged by the smaller, quieter regulatory changes that signal a new mood of bureaucratic responsiveness to their problems.

For example, Akil Beshir, managing director of Giza Systems Engineering, a Cairo computer firm, says: "We're seeing improvement in the problems of our business customs rules, of import-export taxes and duties. There are continuous attempts to improve things."

He cites the recent regulatory change that makes it easier for Egyptian companies to run banking lines of credit for imports and another new rule that makes it easier to sell high-quality computer cables in Egypt.

Mr. Beshir says he and other Egyptian private executives welcome pending regulatory changes that would allow multinational firms to set up "screwdriver" plants in Egypt for assembling manufactured goods — including computers — from imported components.

The postwar reconstruction of Kuwait offers special opportunities for some long-established Egyptian private enterprises such as Sami Saad & Co., which entered the construction business in 1963 with 20 people and now employs about 2,000.

After building roads, sewers, water treatment plants, office buildings, homes, hospitals and schools across Egypt for nearly three decades, Mr. Saad sees contracts in Kuwait as an opportunity to showcase Egyptian private industry internationally.

"Because of our stand in the Gulf crisis, we are competing primarily with companies from the United States and Britain instead of competing with the whole world," Mr. Saad says. "This will give us a chance to improve the reputation of not just our company, but also our whole country, and show our advantage in producing good quality at a lower price."

He disagrees with those who criticize the Mubarak government for proceeding too slowly with its privatization program and other measures to foster the growth of the private sector.

"I don't think it's coming too late," Mr. Saad says. "It could not come until the general atmosphere in the country among the people began to change. This is the proper time. You cannot ignore the reaction of the people, and the man in the street does not like quick changes. I doubt you can make changes like this without first changing the mentality of the human beings involved."

T.H.

THOMAS HARTWELL

Sami Saad at his concrete plant.

THOMAS HARTWELL

Akil Beshir of Giza Systems Engineering.

On the Nile Delta, a Better French Fry

In a recent taste test, Egyptian-made french fries beat out those from their Dutch parent company. What next? Egyptian-made ketchup.

Hans Korsten, manager of the new Farm Frites plant outside Cairo, had taken some sample fries back to headquarters in the Netherlands. Five out of the six tasters, including professionals and Farm Frites executives, preferred the Egyptian product. "The sixth was their own production manager. He could tell which one was his, and he had to pick it," Mr. Korsten says.

Egypt could export fries to Holland

The Farm Frites operation in Egypt, a joint venture involving Farm Frites and the Kuwait Food Co., a group with interests from Safeway stores to Wimpy fast-food chains throughout the Middle East, is an example of the sort of wide-ranging foreign investment being attracted by Egypt's combination of cheap raw materials, low labor costs and domestic market potential.

With the end of the Gulf war, both Egyptian and foreign investors and executives are hoping that new money will be coming in. "I was pleased to see Egypt take the stand that it did, and I think the rest of the world will react favorably, including with more trade and investment," says Mike Bankhead, managing director of the Eveready battery plant outside Alexandria.

Ronald Nardi, chairman and managing director of the General Motors truck plant in Sixth of October, another new industrial city, says Egypt has proved itself "one of the safest places for foreigners" to work. He said many foreign companies, like GM, will be attracted to Egypt's growth potential as their own more mature domestic markets become saturated.

Farm Frites came to Egypt because Kuwait Food decided the frozen french fries it had been importing from Europe and the United States were not good enough for its Hardee's, Wimpy and Kentucky Fried Chicken outlets.

Ibrahim Alfi, the Egyptian-born Kuwait Food Co. executive now serving as general manager of the Farm Frites operation in the new industrial city Tenth of Ramadan, offered to put up most of the initial investment, but also asked the Dutch company for money and technology.

"We're depending on our own raw materials, and we're adding big value to them," Mr. Alfi says.

Farm Frites agreed, on the condition that its name be protected through strict quality control. That was fine with the Kuwait Food Co., because quality was the reason it had sought out the Dutch company in the first place.

As part of the deal, the Farm Frites operation in Egypt hired Mr. Korsten as its plant manager and two other Dutchmen as field managers to go out and buy raw potatoes from the farms of Egypt. The first thing they determined was that the type of potatoes commonly used in the Netherlands was not well-suited to grow in Egypt.

Another Dutch potato, however, was very well-suited to french fries in terms of size, shape, weight, texture, and sugar, starch and moisture content: the Diamond variety. This variety thrives in the rich Delta, which produces two crops a year instead of the single crop in Europe.

"I put it all down to the Delta. So fertile, so rich," Mr. Korsten said as he, his top assistants, Kuwait Food Co. executives and a pair of journalists talked about and nibbled at plate after plate of hot, crisp fries — chunky, string and crinkle-cut — brought out from the plant's test kitchen.

The technology includes state-of-the-art machines from the Netherlands, the United States and Sweden.

Every batch of fries is subjected to rigorous computerized monitoring in a control room, down to the photospectrometer used to make sure the color will be right once the half-fried frozen fries are fully cooked in restaurants or homes.

THOMAS HARTWELL

The factory line at Farm Frites.

While the original goal of the Kuwait Food Co. was to improve quality and save money in stocking its own fast-food chains, the company is finding that its Egyptian plant's quality is opening a vast export market for fast-food restaurants in Europe, particularly in Italy and Greece. Mr. Alfi estimates that up to 70 percent of the production may go to exports.

In addition, he expects the plant, which is not projected to begin making money for two years, will also open the way for rapid sales growth of frozen french fries for home consumption in Egypt. "Of the 55 million people in Egypt, I would doubt if 2 million know it's possible to buy frozen french fries and then prepare them so easily at home," Mr. Alfi says. "As they find out, as the market becomes more sophisticated, as Egypt catches up with the rest of the world in consumerism, they will be willing to pay for that convenience."

Mr. Alfi adds that the Farm Frites experiment in Egypt is going so well that Kuwait Food Co. is building a plant next door to produce another fast-food staple — ketchup.

Mr. Korsten, meanwhile, points out that if his plant keeps beating the Dutch headquarters in blind tastings and if the price of potatoes goes up in Europe, it is possible that Egypt could end up exporting french fries back to the Netherlands.

T.H.

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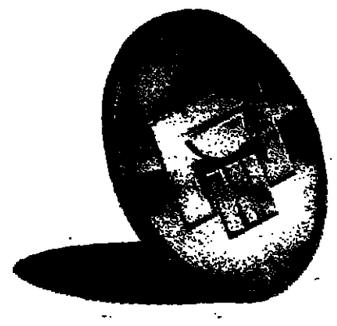

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'Made in Egypt' Label Gains Quality and Status

Egyptian customers who don't read English may not know that their Concrete brand shirts and trousers are made in Egypt rather than Europe or North America.

Concrete's men's casual wear — all 100-percent Egyptian cotton, wool or a mixture of cotton and linen — is styled in France. All its labels and advertising, from the "Concrete, The Masculine Look" signs all over Cairo to the "Made in Egypt" tags sewn in every shirt collar, are printed in English.

Nabil Helaly, general manager of Concrete's factory in the new industrial city of Sixth of October, meets the Egyptian government's requirements for an Arabic-language label with a flimsy stick-on. He merely grins when it is suggested that the Arabic sticker may often come off and get lost before a shirt is sold in one of Concrete's 13 stores, including 10 in Egypt and one each in Saudi Arabia, Libya and Bahrain.

These companies ease trade deficit

Historically, Mr. Helaly says, clothes and almost everything else made in Egypt carried an image of poor quality. "The top-class people in Egypt have never worn clothes made in Egypt," he says. "Our clothes don't look like they are made in Egypt, and we don't want them to look like they are made in Egypt. But we're proud that they are."

Concrete, an example of the dozens of small and medium-sized homegrown private manufacturing enterprises that have been springing up across Egypt over the past five years, is part of a growing trend toward all-Egyptian businesses.

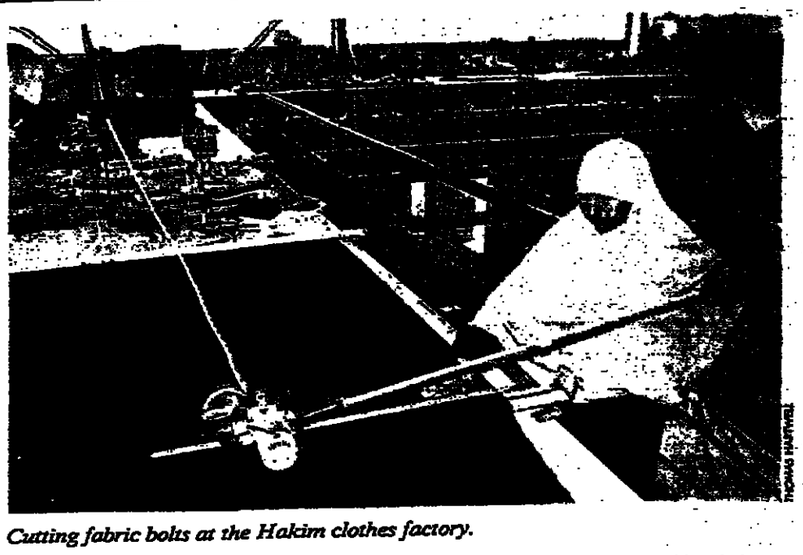
Instead of being dominated by foreign money, know-how and management like so many of the joint ventures involving multinationals selling their brand names in Egypt, Concrete and others may pay for foreign consultants, bring in foreign-made machines and buy some foreign materials, but they are financed and run by Egyptians only.

"This type of company is one of the key economic factors for Egypt," says Jerry Hargitt. He is director of the Cairo office of the International Executive Service Corps, an agency that sends retired American executives to work as volunteer consultants to private industry in Third World countries.

"There's been a lot more action in the private sector in Egypt recently," says Mr. Hargitt, who has been in Cairo for two-and-a-half years. "The number of projects we're doing with private industry is up 50 percent over the past seven months, in spite of the Gulf war. I've been amazed."

Companies like Concrete, he says, help ease Egypt's trade deficit by replacing imports with domestic products, and the solid investment opportunities they offer are leading wealthy Egyptians to invest their money at home instead of abroad. If an Egyptian private company can offer quality products, he adds, Egyptians have proven themselves quick to embrace new brands.

A West German production consultant helped set up the factory with machines imported from Germany, France, the United States and Japan. More than 150 workers, most of them with no previous factory experience, were hired and trained, some in Italy.



Cutting fabric bolts at the Hakim clothes factory.

A French fashion consultant helps design clothes for the Egyptian market, based on concepts Mr. Helaly and the Hakim family suggested after touring European fashion shows.

Concrete has grown from a mere 15,000 items of clothing sold in 1989, its first year in production, to more than 100,000 this year.

T.H.

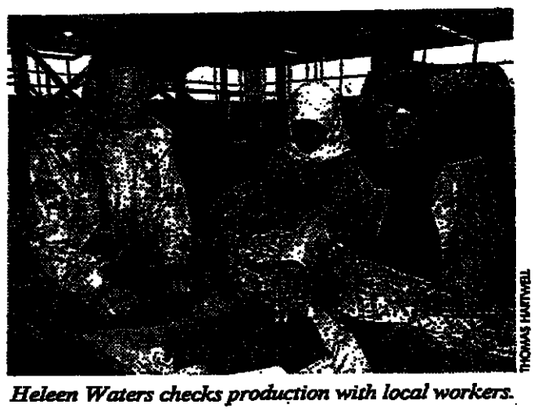
Cotton and Finishing Attract Designer

Heleen Waters stands out amid the dozens of small, dark women wearing headscarves and robes on the floor of the Concrete clothing factory.

Of course, at nearly six feet tall, with long blond-streaked hair and layers of bright, baggy silk setting off her silver-bangled sneakers, Heleen Waters stands out just about anywhere.

Ms. Waters is a 24-year-old Dutch designer who is launching her own eponymous line of children's clothing in upscale boutiques throughout the Netherlands. She's come to Egypt — and to the Concrete plant — to select her materials and have the clothes sewn.

"I went to Russia, to Poland and to Portugal looking for factories," she says. "I came to Egypt because of the cotton. I stayed — I'm here two out of every three months — because of the quality I can get for the price."



Heleen Waters checks production with local workers.

After having some models of her designs sewn up, Ms. Waters took them to Dutch buyers. "Normally, Egypt is associated with good cotton that costs less than half of what it does outside Egypt, but clothes made in Egypt have always had poor finishing. Holland was a true test because the Dutch are very demanding. It's a very tough market."

Consequently, Ms. Waters says, her career is taking off in a way it probably never could if she had not come to Egypt.

She adds, however, that there are many Egyptian factories that would be unsatisfactory because they could not meet her standards, and she says "patience" is the trait most necessary for Westerners doing business in Egypt.

"Everything is always tomorrow," she says. "But Egyptians love to work with foreigners. And I have found it very easy to work in this country as a woman — in some respects easier than in Europe."

T.H.

Toward a Standard Exchange Rate

The Egyptian government is forging ahead with a series of moves to liberalize and modernize its financial system, including a unified floating exchange rate for the Egyptian pound.

A move was made at the end of February to establish a market fed by private transfers, mainly from tourists and Egyptian expatriates, to finance private imports, freely setting rates for buying and selling foreign currencies. A parallel market was established to channel foreign-exchange revenues from government-controlled entities toward meeting their import requirements. Inflow to this market includes foreign-exchange returns from oil, cotton and public-sector exports, as well as Suez Canal revenues and foreign aid. Foreign-exchange rates in this market are set by a committee grouping bankers and representatives from the Central Bank of Egypt, and they are about 5 percent lower than those of the other market.

Rates to stabilize in six months

To broaden the market and activate trading, the new system allows licensed money changers to operate freely and openly, replacing unofficial dealers who mediated between individuals and banks in the past. These dealers channeled the bulk of expatriate remittances of more than $3 billion and a sizable portion of about $2 billion in tourist transfers through free accounts that were used to finance private imports and individuals' foreign-currency requirements for travel and other purposes.

The new system also relaxes foreign-exchange controls instituted in the 1960s, introduces forward trading in foreign currencies and activates interbank trading in foreign exchange. This was achieved by setting a ceiling on the volume of foreign exchange each bank could keep at the end of the day, thus establishing a price stabilization mechanism that would help reduce differences between bank rates. The same will apply to the new companies dealing in foreign exchange, six of which have received Central Bank approval, while more than 200 requests for setting up similar ventures are under consideration by the CBE.

The revision of the foreign-exchange market is one of two moves adopted by the Egyptian government to implement economic reform measures recommended by the International Monetary Fund and the World Bank. It was preceded by an important change in the mechanism determining interest rates, whereby a stagnant interest-rate structure devised by the CBE was abandoned in favor of a flexible system setting a minimum deposit rate of 12 percent and a maximum lending rate of 22 percent, with an indicative prime rate of 20 percent in preparation for freeing all interest rates in the banking system.

This represented a necessary prelude for the move toward liberalizing trading in foreign exchange, since the higher interest rates on Egyptian pound deposits would prevent the free fall of the Egyptian currency, making the devaluation process smoother and more gradual and the new market more stable. Interest rates are to begin to play a role in supporting the pound once the banking system adjusts deposit rates to the new guidelines set by treasury bills, whose interest rates rose gradually to 18 percent, bringing the discount rate up to 20 percent.

Defending the timing of the launch of the new foreign-exchange market, the deputy chairman of the National Bank of Egypt and president of the Union of Egyptian Banks, Mahmoud Abdel-Aziz, cites the fall in interest rates on the U.S. dollar to 6 percent for the first time in five years, reducing the attractiveness of the U.S. currency to savers as a way of hedging against the pound's devaluation. Another factor is the recent rise in interest rates on Egyptian pound deposits, which reached 16.25 percent for long-term deposits, he says. While admitting that the Gulf crisis hit the two main sources of foreign exchange, expatriate remittances and tourism, Mr. Abdel-Aziz asserts that the crisis helped reduce demand on foreign currency for imports, as the slowdown was aggravated by the crisis. Meanwhile, there was a surge in capital inflow from wealthy individuals seeking a safe haven away from the war-shaken Gulf region.

Mr. Abdel-Aziz, who is also chairman of the Commercial International Bank, says that the new market has attracted $343 million in the seven weeks since it opened and has cleared a backlog of letters of credit for imports. During the same period, the Egyptian pound, which is effectively pegged to the U.S. dollar, fell from 3.18 to 3.33 pounds to the dollar. Mr. Abdel-Aziz expects rates to stabilize as the market adjusts over the next six months in preparation for a merger of the two markets and unification of the Egyptian pound's rate by February 1992.

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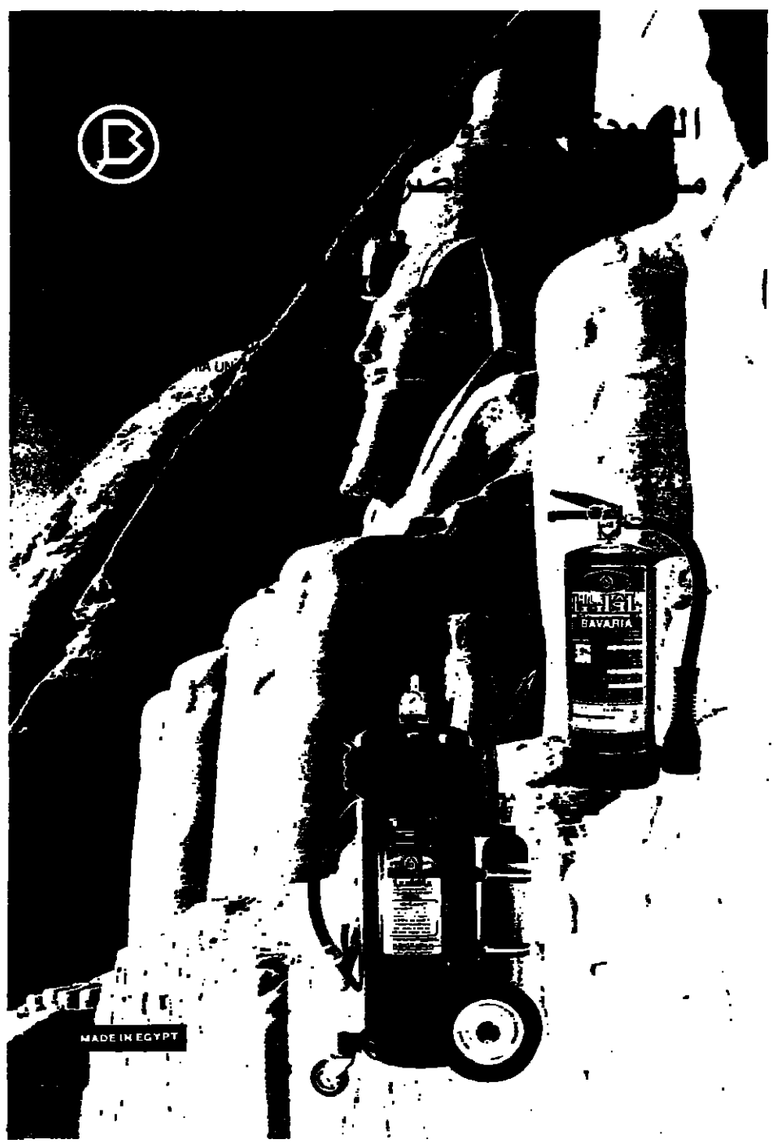

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Banks Well-Positioned to Absorb Liberalization

Optimism is rising following the long-delayed agreement with the International Monetary Fund and Egypt's Paris Club debtors to reschedule outstanding foreign debts and to obtain new credits, to take effect later this spring, and as tourism, remittances from Egyptians

Bankers in Egypt are expecting a challenging but rewarding year as the country moves rapidly to liberalize its economy. A transitional period is being anticipated and prepared for by the financial sector.

Reforms have freed interest rates

working abroad and Suez Canal dues rise in the aftermath of the Gulf war. Bank balance sheets, however, which were boosted in the second half of 1990 by the influx of funds from the Gulf following the Iraqi invasion of Kuwait, could suffer in the short term.

The reforms have included sweeping new regulations freeing the country's interest and exchange-rate systems from most government controls. Introduced in early January, the interest-rate reforms replace the former system, under which deposit rates ranged from 5 percent to 16 percent, depending on the period of placement, while lending rates were fixed in narrow bands arranged according to economic sector.

The new regulations allow banks to set all their own lending and deposit rates, except for three-month funds. These will continue to be fixed by the government, but by late March the effects had already been dramatic. Bankers say rates for loans contracted after the moves went into effect have risen several points, while the central bank discount rate has increased to 19.4 percent, compared with 16.2 percent in early January.

Developments in the exchange-rate system have been equally dramatic, with bankers reporting a 10-percent devaluation of the Egyptian pound since the liberalization moves went into effect Feb. 27.

While welcoming the new liberalization, bankers in Cairo expect to suffer a downturn in their profits this year as a result. Loan contracts agreed upon before the regulations were implemented will have to be honored at the lower rates then prevailing, explains Mildred Francis, assistant general manager of the Cairo-based Commercial International Bank, while deposit rates will have to rise. The resulting squeeze on funds "will mean some losses," she says.

Another banker from one of Cairo's leading joint-venture institutions told the Middle East Economic Digest at the end of March: "The banks will feel the pinch for a while as the cost of funds rises, but the ability to pass on these costs to the client is restricted because of contractual obligations."

Hazem el-Beblawi, chairman of the Export Development Bank of Egypt (EDBE), said: "The cost of funding has increased, and the banks are going to have to carry some of these costs on their balance sheets."

Problems were also encountered immediately after the reforms were announced because of the shortage of hard currencies. Many holders of dollars and other foreign exchange were waiting for the implementation of the new regulations before exchanging them for Egyptian pounds, at a time when government revenues were adversely affected by the Gulf war. "There is a shortage of dollars," Ms. Francis confirms, "and it is getting larger because of the fall in tourism revenues and remittances from Egyptians working abroad." Moreover, banks tended to give preference to their preferred customers when granting access to hard currencies. As a result, "what you read on the screen does not always reflect the real rates," one banker notes.

By the second half of the year, however, bankers are hoping that the situation will stabilize. In part, this reflects their optimism that the country's main sources of foreign exchange will improve as a result of the end of the Gulf war, the agreement with the IMF and Paris Club of creditors, and the expected influx of aid from foreign donors. In addition, the Central Bank will now be able to intervene effectively in the secondary market to sell dollars from its considerable reserves of hard currencies to help minimize volatility. These reserves were estimated to total some $1.7 billion in July 1990, the last month for which figures are available, but may well have risen as Egypt's foreign debts have been written off or reduced and as funds have continued to come in from Saudi Arabia, Kuwait and other Gulf investors, partly because of other recent regulations ensuring bank secrecy.

Fortunately, many Egyptian banks also have considerable reserves as a result of a good year in 1990. The Egyptian American Bank, a joint venture of the Bank of Alexandria and American Express Bank, reported a 61-percent rise in net profits over 1989 to 75.5 million Egyptian pounds, giving a return on average assets of 3.7 percent. Strong earning growth was also reported by Misr Exterior Bank, 40-percent owned by Banco Exterior de España, and the Hongkong Egyptian Bank, in which the Hongkong Bank Group also has a 40-percent share. The state-owned National Bank of Egypt, the country's largest commercial bank, reported a rise in its assets at the end of June 1990 to 23.2 billion pounds, compared with 18.3 billion pounds for fiscal 1989, with profits up 10 percent to 48 million pounds. Banque du Caire, which is also state-owned, saw its net earnings rise from 34.1 million pounds to 37.5 million pounds over the same period, while assets were up impressively, from 7.76 billion pounds to 9.29 billion pounds.

Pamela Ann Smith

SELECTED BALANCE SHEETS

Egypt's banking community enjoyed a good year in 1990, profiting from the outflow of funds from the Middle East during the Gulf crisis.

In millions of Egyptian pounds

Bank	Assets	Loans	Deposits	Net Profits
Misr International Bank	4,517.8*	738.5	3,316.9	34.6
The Nile Bank	1,104.1	424.3	640.8	20.9
Egypt Arab African Bank	982.6	421.1	452.5	6.1
Egyptian American Bank	2,269.4	703.8	1,828.3	75.5
Misr Exterior Bank	963.9	295.7	578.9	11.4
Hongkong Egyptian Bank	473.5	77.7	360.5	11.5
National Bank of Egypt**	23,190.0	8,319.0	15,004.8	48.0
Export Development Bank of Egypt**	782.9	427.2	286.6	20.4
Banque du Caire**	9,293.6	4,040.1	7,397.6	37.5

*Profit figures are before settlement.
**Year ending 30 June.

Source: Middle East Economic Digest, London

Capital Market Expansion Crucial to Finance Sector

In a wide-ranging speech in January, Prime Minister Atef Sedki said that the reforms now being prepared include measures to relax controls on the management of the country's huge state-owned enterprises and to open all sectors of the economy to private investment.

Two international consultants, Ernst & Young of Britain and a joint venture

Having moved swiftly this year to enact major new moves aimed at liberalizing Egypt's banking sector, the government is now being urged to press ahead with its plans to expand the country's fledgling capital markets.

Debt-equity swaps can finance tourism

formed by Bechtel of the United States and Coopers & Lybrand, also of Britain, were shortlisted earlier this year for a $4-million contract to advise the government on a full-scale privatization program that is also expected to include the sell-off of state-owned shares in mixed companies and further investment incentives in areas such as tourism and industry. In addition, the influential Investment Authority has announced plans to create eight new investment areas, two of which — in Damietta and Suez — will also operate as free zones.

Thanks to the fundamental changes in Egypt's interest-rate system, which now allows banks to set their own charges subject to minimum government regulation, Egypt's financial institutions are looking forward to arranging bonds, share offers and debt-equity swaps for both local and foreign companies.

Now that the limits have been lifted, institutions like the Export Development Bank of Egypt (EBDE), the Arab Investment Bank, the Arab African International Bank, Misr Iran Development Bank and other financial institutions are expected to widen their range of products and seek new business in mergers and acquisitions. The EDBE, which is owned by five leading state-owned banks and some private investors, is welcoming private investment. It is said to be looking forward to using capital-market instruments to encourage investment in both industry and tourism. In the second half of last year, it approved finance for several local companies, manufacturing food products, textiles and clothing, as well as for a number of tourist projects, including two to build tourist villages near the Red Sea resorts of Hurghada and Safaga. Its profits for fiscal 1989-90, ending June 30, reached 20.4 million Egyptian pounds ($6.43 million), up from 16.2 million pounds in 1988-89, while assets rose from 490.5 million pounds to 782.9 million pounds.

Other banks are considering using debt-equity swaps to finance more tourist projects over the medium to long term, while the Egyptian Finance Company has expressed interest in raising finance for yet another tourism scheme at Ras Abu Soma, also on the Red Sea. The Misr Iran Development Bank, which reported earnings of 7.6 million pounds on assets of 1.01 billion pounds at the end of 1989, is investing heavily in this sector, including a project to build a luxury hotel at Taba. Its shareholders are the Bank of Alexandria, the Misr Insurance Company, Bank Melli Iran and the Iranian Bank of Industry and Mines.

Some bankers remain cautious. Muhsin Khaled, chief general manager of the Cairo-based Arab African International Bank, whose shareholders include several Arab governments and financial institutions, says the development of a full-scale capital market in the country could still be far away. Although he welcomes the changes in the interest-rate system, which he says will help to stem capital outflow, particularly into dollars, he says, "You still need a stock exchange, market makers and government regulation."

While Egypt's Islamic investment institutions, which eschew the payment of interest, are unlikely to benefit directly from the financial reforms announced earlier this year, the expansion of the country's capital markets is expected to provide new opportunities for growth. The Faisal Islamic Bank, the largest Islamic financial institution in Egypt, had invested $69 million in equity participations in 34 ventures, including local industrial and agricultural companies, by the end of July. The French company Roussel-Uclaf was reported in January to have taken a 75-percent stake in a new pharmaceutical plant to be built by the 10 Ramadan Company for Pharmaceutical Products.

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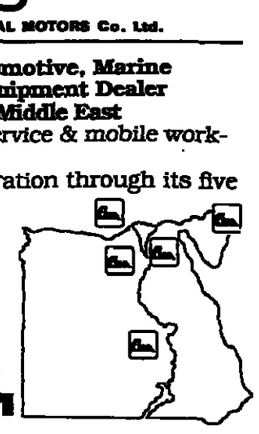

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New Concessions to Increase Oil Output

Having experienced a huge rise in its oil revenues during the Gulf crisis, Egypt is now looking to expand its exports and reserves at a time when local consumption is rising. In addition, oil exports continue to constitute a much-needed source of foreign exchange.

Efforts to streamline the state bureaucracy and to minimize red tape could encourage more international oil companies to take part in the exploration of new areas now being offered by the Egyptian government. There is some concern, however, that as wells are drilled in deeper waters and more inhospitable terrain, the cost of extracting this vital resource could rise.

With reserves of some 4.5 billion barrels, Egypt is one of the smaller Arab oil exporters. Unlike Algeria, Libya and the Gulf states, however, it is not a member of the Organization of Petroleum Exporting Companies and employs a liberal policy regarding foreign exploration at the same time that it generally adheres to OPEC pricing guidelines. Production currently averages about 870,000 barrels a day, enough to provide for local demand and still allow exports of some 330,000 b/d.

Production is at 870,000 b/d

In the year ending June 1990, exports of petroleum and petroleum products were worth $1.7 billion, up from $1.5 billion in fiscal 1988-89. This year, the figure will be increased considerably by the rise in oil prices caused by the Iraqi invasion of Kuwait. During the period from July to September 1990, the value of oil exports doubled to $210 million a month, and while prices fell in early 1991, total earnings could reach almost $2 billion by the end of June.

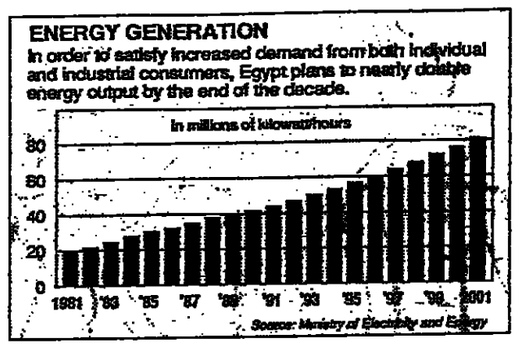
To help increase these revenues still further and to provide for an expected rise in demand by both domestic and industrial consumers in the country by the end of the decade, the government has embarked on a campaign to grant new concession areas to foreign companies.

Last year, five concession agreements were granted to foreign firms. Amoco of the United States and Agip of Italy took three blocks off the east delta coast, while Texaco, another American company, won an award to explore the Qena-Asyut region of the Nile basin in upper Egypt. A fifth concession was granted to the Turkish Petroleum International Company, covering the Siwa and Farafra bases in the Western desert, where oil was first discovered in 1984. Earlier this year, British Petroleum won three oil-and-gas exploration permits covering areas off the coast of Alexandria in the Western desert and in the Qena-Asyut region.

Repsol SA of Spain is now a party in seven concessions in Egypt totaling 21,070 square kilometers (8,400 square miles). Oil and gas have been discovered in the Khalda concession, where average crude-oil production is about 29,000 b/d. A project is now being completed to provide gas to a power-generating plant in the Mediterranean city of Mersa Matruh.

In recent months, however, some industry analysts have expressed concern about the viability of future exploration in Egypt. The country demonstrated its political stability in weathering the Gulf crisis. But the London-based monthly Petroleum Economist reported in March that foreign companies have "doubts about remaining prospects for large discoveries of oil and gas."

Such concerns are dismissed by EGPC's chairman, Hamdi el-Banbi. Reserves are being replenished every year from new discoveries and additional development, he said earlier this year. "With an open mind and improving technology, it could go on like this forever," he adds. P.A.S.



Integrating the Issues of the Third World

Continued from Page 7

ical background of the two, but it is important to address the Palestinian problem.

I believe there is a kind of consensus all over the world that it is important for the credibility of the United Nations to act with the same vigor concerning the Palestinian problem.

What about the PLO's support of Saddam Hussein?

Now, I will agree that the situation is 10 times more difficult because of the position adopted by Yasser Arafat and the PLO in favor of Iraq. This has put the PLO in a difficult position in the international community. They have lost an important part of their credibility. But this is not a reason not to try again and again to find a solution to this problem.

Is the United Nations now in a position to play a more important role in world affairs in general, beyond the Gulf and the Middle East?

We were positively impressed at the end of the Cold War when the two superpowers agreed to use the framework of the United Nations in their common action. For us, this is an exception, because everybody has been talking in the last few years about the democratization of the nations in the Third World, but very few people are talking about the democratization of international issues. By reinforcing the United Nations, we are aiding, both directly and indirectly, the democratization of international issues.

One of the pillars of nonalignment has always been the democratization of international issues. It is possible for the Third World and other nonaligned countries to play a role in international affairs. The rules, the principles, the decisions of international affairs must not be decided by two or three countries belonging to the international aristocracy. We want to participate. But what will be the framework for our participation? Is it the United Nations?

Are you optimistic about the prospects for this sort of democratization of international issues?

It depends on the countries of the Third World. If they will be active, if they will use the United Nations system to express their preferences, to participate in the formation of international legislation, to participate in a comprehensive global approach to problems, yes, we will have greater democratization.

This is one of the roles of Egyptian diplomacy, to bring this message to the nations of the Third World.

Is it more up to Third World countries or to what you call the international aristocracy to bring the Third World nations into the process of international democracy?

When Mr. [U.S. Secretary of State James] Baker was compelled to go to Colombia and Malaysia to obtain their votes, that was international democracy.

I am not saying this will solve all problems, but it is a first step. The day when Arab countries pay more attention to what is going on in Latin America, the day Latin American countries pay more attention to a dispute between two African countries, they will play a role. We are still at the stage that the oldest countries are interested only in their continental or regional problems. They have no global approach to problems. I'm not saying this will be easy, but the United Nations system can allow it and can facilitate it for us. A small African country cannot have 25 embassies in Latin America, but it can participate in the appropriate commission inside the United Nations dealing with Latin America.

THOMAS HARTWELL

Butros Butros Ghali.

Egypt has been talking a great deal about Arab unity. Many Westerners believe Arab unity means wars. How do you respond?

The United States has admitted European unity is in its interest. After World War II, European unity was encouraged. Now, in 1992, there is more European unity with the single market.

The question is, why not do exactly the same with the countries on the southern part of the Mediterranean? They need exactly the same economic integration. They will not be able to make a minimum of progress unless they have a minimum of integration among themselves.

From 1945 until 1990, we never received any real diplomatic assistance from the United States, which was not the case of Europe.

You would have a basic disparity: a United Europe with prosperity, harmony and economic integration; on the other side of the Mediterranean would be divisions, contradictions and more of something that already exists — illegal immigration.

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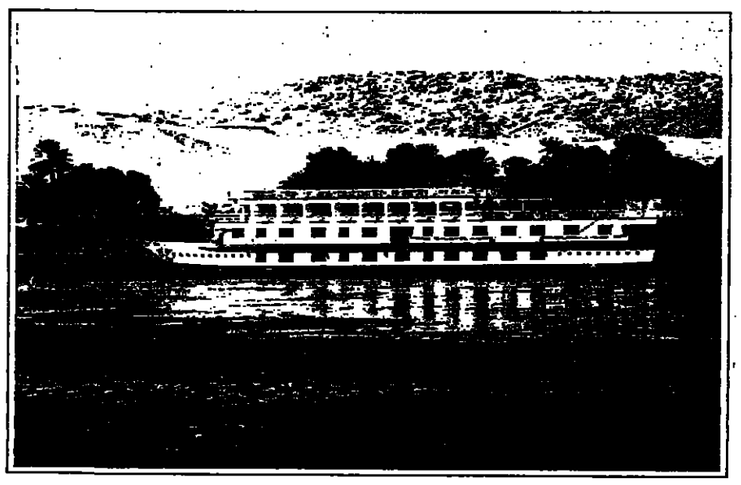

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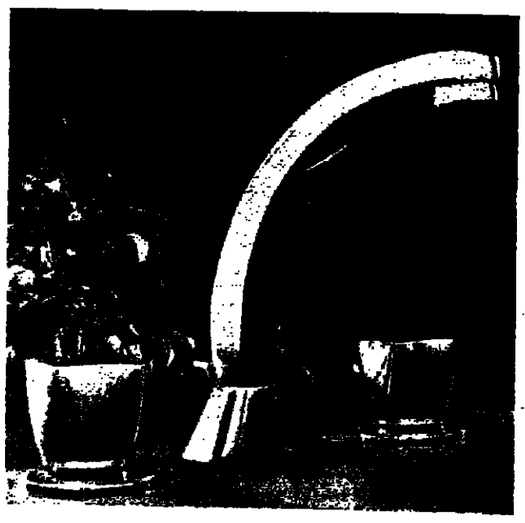

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New Industrial Cities Offer Fresh Spirit

Growing out of the late President Anwar Sadat's "open door" policy of the 1970s, four industrial cities have become an integral part of President Hosni Mubarak's program to promote private industrial growth.

Farid Shunbo is in many ways typical of the new breed of business executive in Egypt. He is an Egyptian native who got a Ph.D. at the University of Houston, learned his management skills at Honeywell and now works for a Kuwaiti investment group at its glassware factory in Sixth of October City, a new industrial town being carved out of what was bare desert less than a decade ago.

10th of Ramadan has 450 factories

Mr. Shunbo pays his nearly 300 workers about $100 a month — nearly twice what they might earn in an established Egyptian state-run factory. He also gives the workers free housing if they live in one of the company-owned apartments in Sixth of October. If they stay with the company for 10 years, he will sign over ownership of the apartment.

"It makes sense from a management point of view," Mr. Shunbo says of the housing assistance. "If you consider the cost of the entire project for 10 years, you need people close by. This cuts down on transportation costs and absenteeism. You get more from your workers if you make them comfortable and secure."

In the three years since Egyptian government incentives brought the Royal Opal/Diamond Crystal glassware factory to Sixth of October, the company's glasses and cups have wiped out what had been a $10-million annual trade deficit in that sector. The company is expanding to meet its export demands, and profits are rising at 20 percent a year.

Like many other new private manufacturers in Egypt, the glassware factory might not exist today if not for the country's four new industrial cities. Growth has been rapid since the factories, most of them small and medium-sized, began sprouting out of the dunes during the mid-1980s. Typical tenants are Egyptian family concerns that are expanding and consortia of Egyptian and foreign interests that have formed joint ventures, often to produce Western brand names under license.

The four towns are: Tenth of Ramadan City, half an hour northwest of Cairo; Sixth of October City, 15 minutes to the west of the Cairo city limits; Sadat City, 60 miles northwest of Cairo, halfway to Alexandria; and Amriya, just outside Alexandria.

Tenth of Ramadan City is the largest of the four, with about 150,000 workers and a population approaching 40,000. The number of factories operating in the city has risen from 380 a year ago to more than 450 this spring.

THOMAS HARTWELL

Maher Abaza, minister of energy.

Maher Abaza, President Mubarak's energy secretary, says the government is installing infrastructure to accommodate the rapid growth expected in the new cities, including power stations, roads, water supplies and sewers.

So far, most of the workers moving to the new cities are young parents who can get newer, larger living space more cheaply than in Cairo. Many younger workers in the new cities continue to commute on company buses from Cairo, where they live with their parents and nearer their friends and the big city's bright lights.

"These new industrial cities, they are models. They are being planned for growth," says Mr. Abaza.

Most companies are drawn to the new cities because of the government incentives and the low-cost land.

Says Raouf Shaarawy, general manager of Société Industrielle Franco-Egyptienne, a joint venture with the French bathroom-fixtures company Jacob Delafon: "There are a lot of advantages. The government gives us a tax holiday for the first 10 years. We have to pay less duties on imported machinery. And the land is cheaper, only about one-tenth of what it would cost around Cairo."

Beyond the financial advantages of putting the Jacob Delafon plant in Tenth of Ramadan, he says, his company and many others are drawn to the new cities by the opportunity to shake off Egypt's longtime image of poor manufacturing productivity and start afresh with a new factory more dedicated to quality and technology.

Most of the 185 workers at Jacob Delafon are young people in their first real jobs, and they undergo regular training sessions that are aimed not only at their specific tasks but also at reinforcing good overall work habits.

Some of the employers in the new cities say most of their new hires are 14-year-olds who have left school; if they last through a tough three-month probationary and training period, they are likely to stay for years. Turnover among workers in factories in the new cities is said to be considerably lower than elsewhere in Egyptian industry.

Mr. Shaarawy adds that another attraction of the new cities is that factories such as his are able to buy up enough land to allow for expansion. Indeed, he is planning for the Jacob Delafon plant to increase its work force from 185 to 270 and double its production capacity within the next year.

The Jacob Delafon workers in Tenth of Ramadan also get financial assistance on their housing, though not as generous as the rent-free, 10-year-ownership benefits the glassware factory workers receive in Sixth of October.

Mr. Shaarawy says about half the Jacob Delafon employees live in Tenth of Ramadan, but he expects the percentage to increase as single employees marry; they will move to the town to establish their young families in the cheap housing.

He says the company has purchased 64 apartments, and subsidizes the workers' rent payments. If they stay with the company for 27 years, he says, they are given full ownership of the apartment.

From a typical monthly salary of about $80, a Jacob Delafon employee would pay about $28 rent for a two-bedroom apartment.

"We hope they will all live here eventually," Mr. Shaarawy says.

T.H.

THOMAS HARTWELL

Farid Shunbo inspects for quality on the factory line at Sixth of October.

Business Briefs

● **The Egyptian Businessmen's Association,** which groups the country's top entrepreneurs and professionals, is intensifying its activities and launching a series of events in Cairo and overseas following a lull dictated by the Gulf crisis. The third annual exhibition of Egyptian exports in Eastern Europe will take place in Poland on May 20-24. EBA is planning a similar exhibition in Berlin later this year to coincide with the annual meetings of the Joint Egyptian-German Business Council. EBA is also seeking to market Egyptian exports in liberated Kuwait and is expected to sponsor a permanent exhibition of Egyptian products there. A string of joint council meetings will be held next fall with the United States, Canada and France.

● **The first full-size golf course** in Egypt is to be constructed on what is at present a desert area to the north of Cairo near the international airport. A group of investors headed by Saudi entrepreneur Sheikh Kamal Adham has signed an agreement with the Ministry of Tourism and Civil Aviation allocating 300 acres (120 hectares) of land for the project, which involves artificial lakes, slopes and luxurious facilities. These will include a giant commercial center and a 500-room hotel. The project's total cost is estimated at $200 million.

● **The first phase of a multimillion-dollar plan** to develop the area of **Ras Mohammed,** at the southern tip of the Sinai peninsula, is due for completion June 5 to coincide with Environment Day. The area was declared a national park by the Egyptian government.

O.T.

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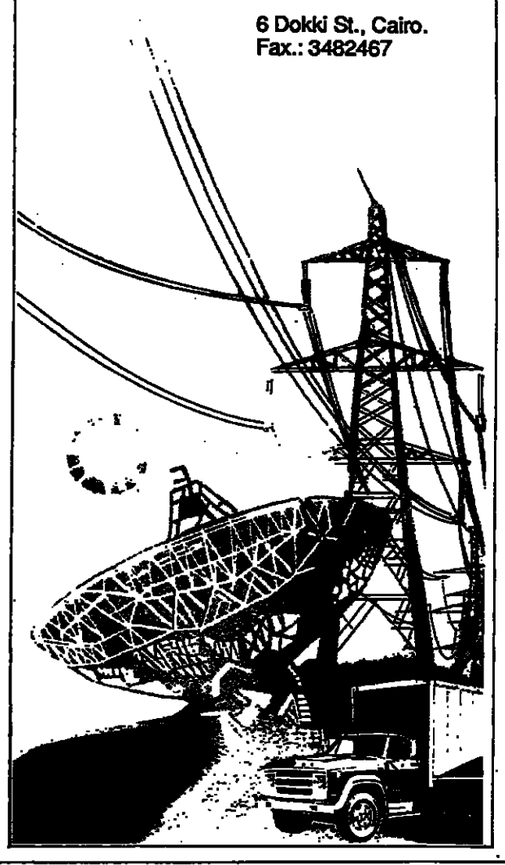

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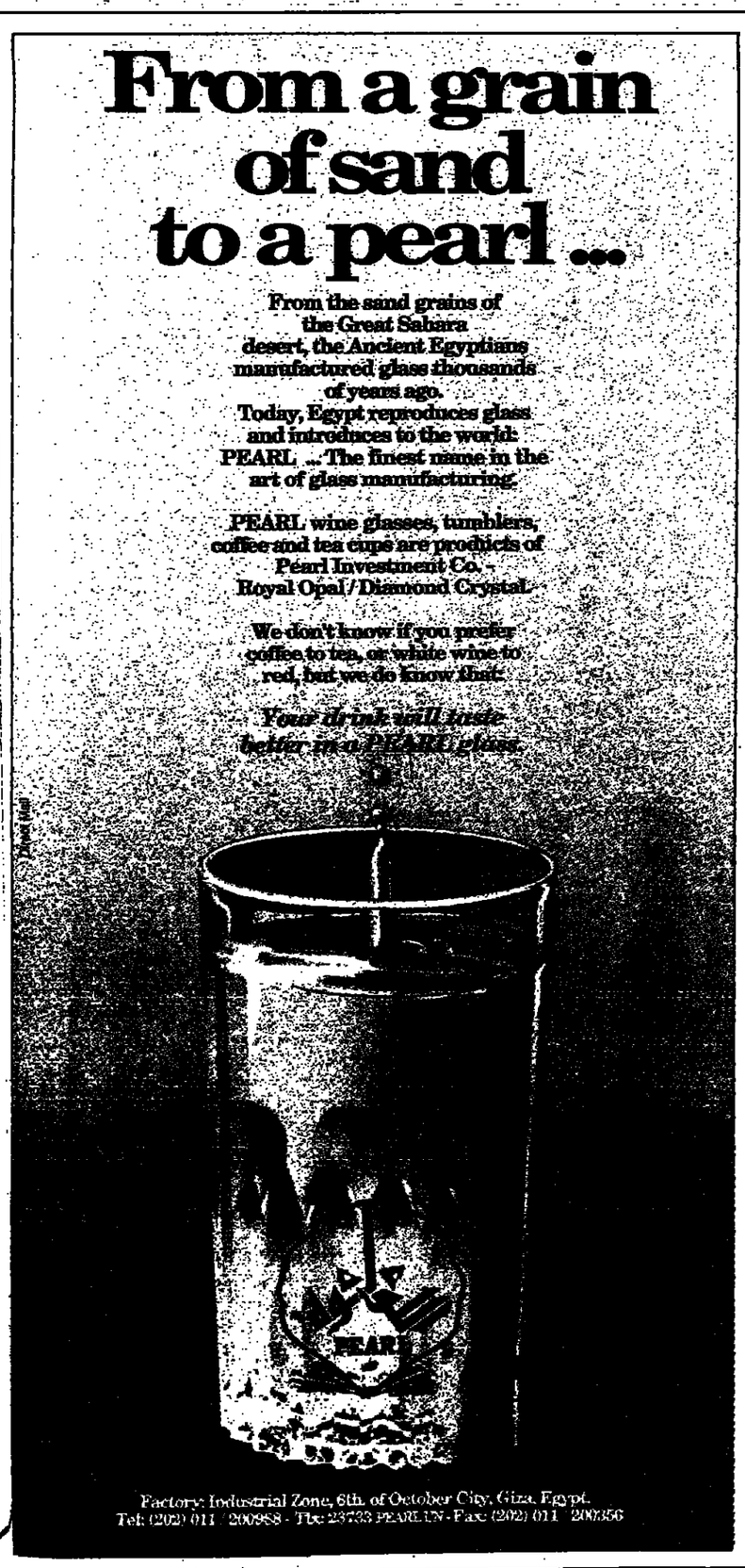

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Total Income	31 124	32 247	41 738	53 299	69 208	97 936
Net Profit after Tax	7 561	7 566	12 046	13 642	17 388	20 957

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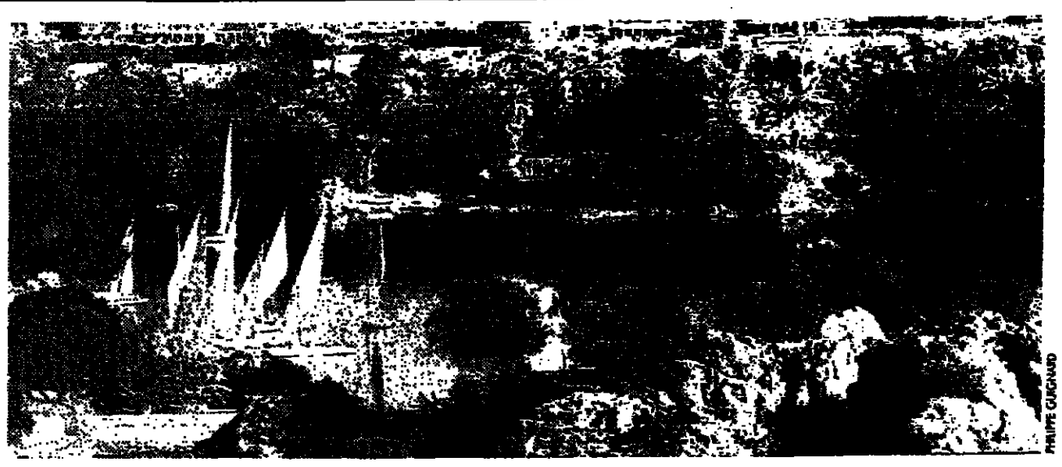
PHILIPPE GUIGNARD

Above and far right, the temple of Philae.

Center, pleasure boats at Aswan.

Tourism Sector Is Now Set to Rebound

Tourism, the star performer of the Egyptian economy in the past four years, was hit hard by the Gulf crisis. But the industry nonetheless maintains a high potential for growth and expansion, and is expected to resume its former pace of development.

Before the crisis last August, tourism was the Egyptian economy's fastest-growing sector. Its 26-percent rate of growth compared with less than 3 percent for the economy as a whole. Tourism also attracted the bulk of foreign and private capital investments in the last three years.

With Egypt's hotel capacity more than doubling in five years to reach

World Bank to approve $200 million tourism loan

52,000 rooms and the number of tourists hitting a record 2.8 million in the year to July 1990, tourism became the driving force behind the economy, activating trade, construction and industry, as well as services such as transportation and telecommunications.

Foreign-exchange revenues from tourism surpassed those from the Suez Canal and oil exports, competing for the top foreign-exchange earner's position with transfers from Egyptian expatriates.

With the invasion of Kuwait in August casting a shadow on the whole region, the wave of growth was reversed. The outlook for the 1990-91 season starting in October became worse as the prospect of a war to liberate Kuwait drew closer.

Ministry of Tourism and Civil Aviation statistics show that during the period from the beginning of August 1990 to the end of February 1991, the number of American, European and Asian tourists fell by more than one-third. Hotel occupancy rates dropped drastically in resorts in the Red Sea and Sinai.

Cairo hotels did better with business travelers and the tens of thousands of Kuwaitis who fled their country after the invasion. Christmas holidaymakers also helped to temporarily bring some tourist facilities back to life.

The Egyptian government estimates the tourism industry's losses before the Gulf war broke out at $519 million, to which was added $389 million during the period to the end of March, and another $828 million before the next season starts in October. This brought to $1.7 billion the losses claimed by the sector.

To this must be added $412 million in losses incurred by the airline industry, including $320 million incurred by the national carrier Egypt Air alone. The Ministry of Tourism and Civil Aviation put the total income lost and additional expenses resulting from the war at $2.1 billion, but its experts calculated that the total income lost by services and industries depending on tourism from the date of the invasion to the beginning of the next season was $3.4 million dollars.

"We will be able to return to normal very quickly," says the minister of tourism and civil aviation, Fouad Sultan.

With the tension in the Gulf receding and intensive promotional efforts bearing fruit, the industry is bracing itself for a good season starting next October.

Meanwhile, the Egyptian government is seeking compensation for war damages from an international fund set up to relieve countries whose economies were affected by the crisis. The tourism sector's losses were included in the claim.

The World Bank is helping the sector lay the groundwork for development by creating a solid base for attracting investment. It has given its preliminary approval for a $200-million sectoral loan for tourism, and a formal agreement on it is slated for June.

The loan will finance infrastructure projects in five areas selected to be developed for tourism: Taba, on the Gulf of Aqaba; Sharm el-Sheikh, in southern Sinai; Sahl Hashish and Ras Abu-Soma, on the western coastline of the Red Sea; and the oases in Egypt's western desert.

"We are still barely tapping the potential for tourism in Egypt," says Mr. Sultan, referring to the expected development of the new areas. "Emphasis in the past was on historical heritage, but gradually, with success, Egypt became the gateway to Africa and the heart of the Arab world, which makes it a place for holding conferences, and brings in lucrative business."

Mr. Sultan believes that there is room for growth in the incentive travel market, where Egypt is becoming one of the destinations preferred by Japanese and American corporations. Religious tourism is lagging behind, he says, but he adds that Egypt's wealth of natural springs and the beautiful New Valley have potential as health resorts.

Leading tourism companies are preparing itineraries and packages targeting market segments with high potential, including rich countries like Japan. The number of Japanese tourists visiting Egypt before the crisis reached 40,000 in one year.

Encouraged by his experience with a group of Japanese painters, who quickly sold all of the 100 paintings they made during a special tour of Egypt, the marketing director of South Sinai Travel, Shawki Hussein, is working on a two-year plan to carry out surveys of less-accessible areas and to prepare custom-tailored packages for particular groups.

These, Mr. Hussein says, would include nature-lovers and photographers as well as artists. Surveys made by the company have convinced him that bird-watching tours can be organized to Egypt, where as many as 200 species of birds can be observed.

Mr. Hussein is also considering tours along the Holy Family's route in Egypt and Sinai, as well as guided tours to the mountain where Moses is said to have received the Ten Commandments.

South Sinai Travel took over the four-star Manta hotel at Ras-Sudr from its Israeli owners when they withdrew in 1982 and has since operated it successfully. The company also invested in the Ghazala Hotel at Sharm el-Sheikh, which is jointly managed by the German company Hetzel Reisen. The company operates a Nile cruiser between Luxor and Aswan, and its 300-room Basma Hotel is due to open in Aswan next October.

O.T.

Timothy Harper is a London-based American journalist and lawyer who writes on international politics and economics.
Pamela Ann Smith, based in London, writes often about Middle East issues.
Olfat Tohamy is a Cairo-based business and economics journalist.

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- [ ] Arab African International Bank
- [ ] Arab International Bank
- [ ] Arab Investment Bank
- [ ] Banque du Caire
- [ ] Bavaria Egypt
- [ ] Chloride Egypt
- [ ] Commercial International Bank
- [ ] EDBE
- [ ] Eveready Egypt
- [ ] Giza Systems
- [ ] Hapi Travel & Tourism Co.
- [ ] IBM
- [ ] Kato Prestige
- [ ] Kuwait Food Co.
- [ ] National Bank of Egypt
- [ ] Repsol
- [ ] Sami Saad & Co.
- [ ] Sife
- [ ] Sodeco
- [ ] South Sinai Travel
- [ ] Sumed Pipelines
- [ ] The Nile Bank

Name: _____ Title: _____
Company: _____
Address: _____
City: _____ Country: _____

SUMED
Pipelines and Superports

Savings in distance
The SUMED pipeline is a short-cut to European markets for crude oil from the Arabian Gulf.

Via:	To: Rotterdam Netherlands	Fos France (Nautical miles)	Augusta Italy
African Cape	11,170	10,784	11,136
SUMED pipeline	6,213	4,499	3,870
Saving	4,957	6,285	7,266

Savings in time
The SUMED pipeline makes crude oil available at Sidi Kerir within 13 days of loading in the Arabian Gulf. Considerable time savings are therefore possible supplying Arabian Gulf crude oil to European markets.

Via:	To: Rotterdam Netherlands	Fos France (days)	Augusta Italy
African Cape	42	41	42
SUMED pipeline *	29	22	20
Saving	13	19	22

* Assumes 5 days for the SUMED transfer

Cargo flexibility
A single large tanker can load two different types of crude oil in the Arabian Gulf and discharge them into the pipeline system. Two smaller vessels can then lift the different crude oil types and make deliveries which meet the needs of individual European refineries, thus avoiding two-port discharging or lightering.
Similarly, two large tankers can each load one type of crude oil to full capacity at different Arabian Gulf ports, thus avoiding two-port loading. Both crude oils can be simultaneously offloaded into the SUMED pipeline and lifted at the Mediterranean end by a variety of smaller vessels, each destined for a single European port.

Security against disruption of services
The whole SUMED pipeline system is within the boundaries and under the jurisdiction of one country. Disruptions of pipeline services, such as those that have occurred on other systems, are therefore not a threat.
Furthermore, the line and the ports are owned and operated by a company which enjoys a considerable degree of autonomy within the Arab Republic of Egypt. For example, SUMED has a fully independent administrative system and users of the line incur no port charges.

SUMED Pipeline Owners

	Number of Shares	%	Initial Value (US $ millions)
Abu Dhabi National Oil Co. (ADNOC)	6,000	15.00	60.0
General Petroleum & Mineral Organization of Saudi Arabia (PETROMIN)	6,000	15.00	60.0
Kuwait Foreign Trading, Contracting & Investment Co.	5,690	14.22	56.9
Kuwait Investment Co. (SAK)	300	0.75	3.0
Kuwait Metal Pipe Industries Co.	10	0.03	0.1
Qatar National Petroleum Corp.	2,000	5.00	20.0
Egyptian General Petroleum Corp. (EGPC)	20,000	50.00	200.0
TOTAL	40,000	100.00	400.0

Arab Petroleum Pipelines Co. (SUMED)
Alexandria (Head Office)
431 El Geish Avenue, Louran, Alexandria
P.O.Box 158 Al-Saray Alexandria, Egypt.
Tel: 5864138 / 5864139 / 5861579
Tlx: 54295 54380SUMED UN

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Cairo Office : 158 El-Nozha St., Nasr City , Cairo , Egypt. - Tel.: (02) 2632305

Herald Tribune (International Herald Tribune)

BUSINESS / FINANCE

MONDAY, MAY 6, 1991

CAPITAL MARKETS

Investors Take Stock Of Developing Nations

By Carl Gewirtz

International Herald Tribune

PARIS — Bonds took a back seat to equities in the international capital market last week as investors scrambled to buy into the markets of developing countries, which have been recording price gains far outdistancing those in the industrialized world. The hottest issue is a new class of nonvoting stock in Teléfonos de Mexico, known as Telmex, which is expected to raise around $2 billion for the Mexican government as it reduces its stake in the telephone monopoly to 8 percent.

This is the largest equity offering from a developing country and European underwriters are ecstatic — about the sale, which one banker called "a masterpiece in privatization," and also about the fees. The precise amount has not yet been set but, according to one participant, will be around 4½ percent, or 450 basis points.

> **The hottest emerging-market issue is from Mexico's telephone monopoly.**

By comparison, underwriting fees on Eurobonds range from a low of 27½ basis points, or hundredths of a percentage point, in the fiercely competitive straight Eurodollar sector to up to 250 basis points on equity-linked issues. Little wonder then, with the high-stakes mergers and acquisitions business dormant, banks are eager to use their high-cost, low-profit distribution system to market equities.

The sale of the Telmex shares is "a blowout," with very heavy demand, underwriters say, because Mexico has one of the world's best performing stock markets. According to Morgan Stanley Capital International, prices in the first four months of this year have risen almost 46 percent in peso terms and 43 percent in dollar terms. Not only is Mexico one of the hottest markets, but Telmex is one of the best performing shares — with its existing Class A voting stock almost doubling in the five months since the government announced plans to sell its holding, from $1.75 to $3.09.

These Class A shares are being diluted (and based on the current price are expected to be worth $1.20 each) to create the new Class L nonvoting stock. One L share will be worth 20 of the split A shares. The new shares will be priced in the week of May 13.

Based on current values, the L share should be worth around $24 and the 75 million L shares being sold in the form of American depository shares should raise $1.8 billion.

HOWEVER, GOLDMAN SACHS, which is arranging the share placement, has the right to increase the offering by 15 percent and that could increase the value of the sale to $2.07 billion.

When the transaction is completed, L shares will represent 60 percent of the capital of Telmex. The remaining A shares will represent 20 percent of the capital but will hold 49 percent of the voting rights. An additional 20 percent of the capital, controlling 51 percent of the voting rights, is represented by AA shares jointly owned by Grupo Carso, a group of Mexican business people; Southwestern Bell and France Télécom, which are committed to running the company for at least 10 years.

The L shares being sold as American depository shares will be listed in New York and quoted on London's screen system, SEAQ. As the L shares will become the most liquid of Telmex's securities, public holders of A shares will be able to exchange that stock for L shares.

Of the 75 million ADS up for sale, 40 million are earmarked for sale in North America, 25 million in Europe and 5 million each in Mexico and Japan. Assisting Goldman Sachs in underwriting the issue are Wood Gundy, S. G. Warburg, Nomura Securities, Credit Suisse First Boston, Banque Paribas and Deutsche Bank.

The dollar equivalent rise in Mexican stock prices so far this year dwarfs the performance in any of the developed countries, where Australia leads the pack with a rise of almost 23 percent. Wall Street's gain is just 14 percent.

But compared to some South American markets, Mexico's advance looks anemic. Prices, expressed in dollars, are up 83 percent in Argentina, 63 percent in Brazil, and 48 percent in Chile.

In Asia, the Philippines is in the lead with prices so far this year up 54 percent.

The oldest commercial company in the Philippines, Ayala Corp., is selling off shares in Ayala Land, a diversified real estate company. The parent company will continue to own 60 percent through control of all the Class A shares, which are restricted to Philippine citizens, and is selling the remaining 40 percent in unrestricted Class B shares.

In all, 96 million shares are being offered with 58 million reserved for sale at home. The remaining 38 million, distributed

See TELMEX, Page 17

Rate Cuts Are Slow to Trickle Down

By Louis Uchitelle

New York Times Service

WASHINGTON — The U.S. recession, now nine months old, reached a turning point of sorts last week. Weeks of optimism that it will end soon gave way to doubts, not only among the naturally melancholy but even at the Federal Reserve, which is often the last to admit that a recession might be more severe than was initially predicted.

So the Fed applied its standard remedy. Noting that industrial production is still falling because people aren't buying much of the products that factories make, it cut two pivotal interest rates in hopes that easier credit would lead to a livelier economy.

The great goal of the policy makers trying to reverse this recession is to get consumers to spend more. The new interest-rate reduction, the fourth by the Federal Reserve this year, is in line with that goal.

But where does that leave things?

On the big question — when will the recession end — the prevailing view remains that it will be over by late summer, though some who hold that position are less certain of it than before.

"I have become a bit less optimistic that the recession will end on schedule," said Norman Robertson, chief economist at Mellon Bank. Robert Gordon, a Northwestern University economist, said: "The end of the recession keeps getting pushed ahead month after month."

The idea of interest-rate cuts is to end the recession by making loans more attractive for all sorts of people. But the biggest winners are corporations, banks and the federal government. Much of the benefit to consumers trickles down slowly, if at all.

"The consumer is not yet benefiting greatly from all the Fed's actions," said Albert T. Sommers, a senior economist at the Conference Board, a research organization supported by corporations.

On Tuesday, the Fed reduced the discount rate to 5.5 percent from 6 percent. It lowered the federal funds, or interbank, rate to 5.75 percent from 6 percent.

Discount rate lending is minuscule and interbank lending relatively small, but together the two rates serve as a benchmark for what commercial banks pay on savings accounts, certificates of deposit and other borrowing.

As the Fed allows the banks to reduce the interest they pay, the banks should reduce the interest they charge. That is what they have done in past recessions, but in this one the banks have held back until recently, keeping most of the savings to recoup some of the tens of billions of dollars they lost in shaky loans in the 1980s.

The Fed has endorsed this behavior as necessary to restore the banks to good health, although the tactic can prolong the recession. Stephen Brobeck, executive director of the Consumer Federation of America, argues that the Fed is short-changing consumers.

The banks have relented noticeably only in the last few months. Thirty-year fixed-rate mortgages, for example, have fallen from an average of 10.25 percent last October to just over 9.25 percent today. That is about one-third of the decline in the rate that banks paid for funds over the same period, but it is still a boon to consumers.

But the biggest beneficiaries of the Fed's current rate reductions are commercial borrowers.

Last Wednesday, major banks lowered their prime lending rate, the benchmark for business loans, by half a percentage point, to 8.5 percent. The rate had been 10 percent on Jan. 1, and the decline since then should have gone hand-in-hand with the decline in rates for certificates of deposit, said Nancy R. Lazar, an economist at ISI Group Inc.

If it had, the prime would be 7 percent today, she said. But even at 8.5 percent, corporate America gets a boost. When the prime drops by half a percentage point, the result is a reduction of nearly $5 billion a year in installment payments on the $1 trillion in commercial loans outstanding.

Since January the savings have been $12 billion to $15 billion at an annual rate, which can be diverted into new machinery, or can trickle down to consumers as salaries for new jobs, more overtime pay or bigger raises.

The trickle down is not very evident yet. The Labor Department, for example, announced on Friday that while jobs disappeared in April at a slower pace than in March, 125,000 jobs nevertheless were lost.

And most consumer loan rates have not declined. The rate paid on the nation's $280 billion in auto loans has remained at about 12 percent. And the cost of owing $750 billion in credit card debt, department store charges and similar revolving loans has risen slightly, to 18 or 19 percent.

Because of the rise in defaults and personal bankruptcies, consumer rates won't decline until a recovery begins, said Robert Dugger, chief economist at the American Bankers Association.

"The decline in the cost of funds for banks has been more than offset by the increase in bankruptcy costs," he said.

European Bank Sets Goals for Reform in East

By Leigh Bruce

International Herald Tribune

LONDON — The new international bank for Eastern Europe, moving to quiet criticism that it is insufficiently focused, on Sunday unveiled a specific outline of how it proposes to help the former East Bloc progress to democracy and a market economy.

Although its main priorities — restructuring, privatization and creation of financial and physical infrastructure — are already well known, the bank has for the first time detailed how it can be most effective and where it must defer to other international institutions.

In the document, the European Bank for Reconstruction and Development stresses that its major function in the near feature must include a heavy emphasis on technical expertise, consulting and training.

The bank was inaugurated in mid-April amid criticism from some quarters that it was claiming a grand, visionary role in East European reform with neither the necessary resources nor sufficiently clear objectives to make a real difference.

The only portion of the bank's operational framework published Sunday that is likely to cause any controversy is the pledge to take the lead in "pan-European discussions on economic issues." Some shareholders, like the United States and Britain, have at times recoiled at what they considered the overarching ambitions of the EBRD president, Jacques Attali of France.

Many analysts, however, have maintained that the bank should use its high-profile position to pressure western governments on such issues as trade and technology transfer that are crucial to East European prospects.

Mr. Attali has frequently pointed out that the failure of the industrialized world to open markets to East European products and to integrate over time the new democracies into the broader west European economy would doom reform efforts to failure.

The bank has an initial capital base of 10 billion European currency units ($8.3 billion) provided by its 39 shareholders, which include all the major industrial countries and the former East Bloc nations. Sixty percent of its financial activities will be directed toward the private sector.

Since its inauguration, the bank's staff has nearly doubled, to 150. By the end of the year, the bank should have reached its full complement of 300 people.

The document released Sunday — Operational Challenges and Priorities: Initial Orientations — is a substantial beginning toward answering the bank's critics, although the first decisions on specific projects are not expected until June or July.

The orientations, which were approved last month by the bank's board representing the shareholder countries and institutions, will provide the framework for the EBRD's early activities.

The first 15 to 20 proposals prepared by the bank's staff have been passed to the board for review and

See BANK, Page 17

If Fed Fans Flame, Dollar Bulls Can Get Burned

By Carl Gewirtz

International Herald Tribune

PARIS — In the never-ending game of cat-and-mouse that central banks and currency traders play, traders seemed to get the worst of it last week — dumping the dollar down 5 percent on the Federal Reserve's unexpected interest rate cuts and then rushing to buy, pushing it up 4 percent when the feared justification for the cuts failed to materialize.

But surveying the frenzy, analysts said the Fed also lost something in the encounter, with its vaunted political independence seemingly tarnished.

"When the Fed cut interest rates on Tuesday," John Lipsky of Salomon Brothers said, "many of us asked 'what does the Fed know that we don't know?'"

The implication was that the April unemployment data to be reported on Friday would show a rise, possibly to a 7 percent jobless rate from the previous month's 6.8 percent. On that expectation of continued economic weakness and possible further rate cuts, the dollar was sold off and hit a low of 1.6835 Deutsche marks.

But to widespread surprise, the jobless rate declined to 6.6 percent.

The data is widely thought to be misleading since the published rate, based on a household survey, is not supported by payroll figures, which tend to be more reliable. Analysts said that the only thing that seems certain is that the rate of layoffs is slowing.

Nevertheless, the dollar took off on Friday. Trading was panicky and in a market that was relatively illiquid, with Japanese banks closed for a long weekend and British banks preparing for one, the dollar soared to 1.7495 DM, leaving it virtually unchanged from the previous week.

Amid the confusion, analysts were asking why the Fed cut its rates.

"Now that we've seen the unemployment numbers," said Mr. Lipsky, "there's a tendency in the market to say that the Fed didn't know anything we didn't know — and therefore to interpret its timing, at the very least, as linked with last weekend's meeting of the Group of Seven and the effort by the Bush administration to jawbone the other G-7 authorities to lower interest rates."

This kind of analysis casts a suspicion over the Fed's independence. It also raises questions about how the Fed will respond to future administration pressure to stimulate a recovery, and whether it will end up overstimulating the economy, setting the stage for the next burst of inflation.

Neal M. Soss, chief economist at First Boston, observes that the Federal Reserve has a history of erring, giving one last unnecessary blast of oxygen at the end of a recession that reignites inflation.

In Mr. Lipsky's view, "the approach of a turning point in the economy creates, for the first time in a long time, the potential for an outright conflict of view about policy between the administration and the Fed.

"Last week's move will create a suspicion in the market that the Fed is going to be attuned to the concerns of the administration.

"The more the market suspects the Fed is bent on stimulating growth, the more likely it will take the steam out of the dollar's momentum," Mr. Lipsky said, arguing that traders will fear further shifts in short-term interest rates.

Interest rates on Deutsche marks are already 3 1/16 percentage points higher than dollar rates — a disadvantage that has not mattered much since the actual and anticipated gains in the dollar's value more than compensated traders who were borrowing marks at 9⅛ percent and selling the currency to buy dollars on which interest was 6 1/16 percent.

Those so-called shorts against the mark become vulnerable as the differential widens and as traders become more skeptical about the timing of the U.S. recovery and continued dollar gains.

"Unless the market has really solid expectations that the dollar is going to rise and compensate for that interest differential, any uptick in the dollar is going to run out of steam pretty quickly," warned George Magnus, S. G. Warburg's economist in London.

Paul Chertkow, currency analyst at Citibank, said the frenzied activity early in the

See DOLLAR, Page 17

California 'Cognac' Seeks a Market

By Lawrence M. Fisher

New York Times Service

UKIAH, California — In medieval times, alchemists used an alembic when they tried to transmute base metals into gold. In France's Cognac region, an alembic is a still that turns rather undistinguished wine into the finest brandy in the world.

Now, entrepreneurs in California and Oregon hope the alembic and other old-world distillation tools can work their magic on this side of the Atlantic. They seek to create a market from scratch for high-quality, high-priced brandy, eau de vie, grappa and marc.

Their premium spirits will be positioned against those made by small artisanal distillers in France, Germany and Italy.

Some wine critics and retailers believe the Americans are up to the challenge. In blind tastings, these spirits often beat Europe's best. By combining European equipment and methods with the best California fruit and winemaking technology, the distillers, according to a review by Jean Barrett in The Wine Spectator, are producing brandies that typically have a cleaner taste and smell, with more pronounced fruit, than European equivalents.

But that is not to say they don't face a formidable test. Few customers walk into a bar for a shot of Oregon eau de vie or search liquor-store shelves for a California cognac.

Premium spirits, priced at $30 and up, sell in the United States as much on mystique as on taste, and in this category, centuries-old French labels have these upstarts beat. And unlike fine wines, spirits are rarely the subject of conversations or newspaper columns.

"This is like California wine in 1955," said Ansley J. Coale Jr., president of Alambic Inc., which makes brandies in Ukiah, a rural logging town 100 miles (162 kilometers) north of San Francisco. "There isn't any market for this stuff."

Indeed, the production of the five brandy makers in California and the two in Oregon is still tiny. Last year, they produced only about 16,000 cases — fewer than what Gallo's brandy operation lost to evaporation.

For a product that sells partly on snob appeal, limited production is a plus. In fact, the distillers, some of which are owned by wineries, need only a core of loyal followers to make money, thanks to their low overhead. Distilling brandy can be a one-person job, requiring none of the presses or fermenters required in wine-making.

"Their market is going to be a core of people — and it's a small group — that wants to have something special in the way of a liquor to serve, a conversation piece," said Paul Gillette, a beverage consultant and publisher of The Wine Investor in Los Angeles.

But that core is still elusive. Alambic, for one, would like to sell about 15,000 cases a year, up from 2,600 cases today.

To foster awareness and sales, the five California producers formed the Artisan Distillers of California last year. So far, the group has staged comparative tastings for restaurateurs and retailers, exchanged technical tips and produced literature describing how their hand-made products differ from those of the big distillers.

Cognacs and alembic brandies are made by boiling wine in a brick-enclosed pot still until the alcohol vaporizes. The fumes are collected and condensed and the resulting liquor is distilled a second time. Pot stills used in the process handle one batch at a time, unlike the column stills used for mass-produced spirits, which operate continuously.

All distillates are clear, but brandy acquires coloring and additional flavors from aging typically for at least two years in oak barrels.

Hubert Germain-Robin, the distiller at Alambic Inc., departs from the neutral-tasting ugni blanc grape used in cognac to make his brandies. Distilled in an old imported alembic, his brandies are made from the colombard grapes, also commonly used in Cognac, as well as large amounts of pinot noir and gamay beaujolais, red varietals that add complexity and a floral note in the nose.

They are smoother and more drinkable than French brandies at a younger age, he said, because he uses higher-quality wine. Indeed, some say distilling first centered in the Cognac region because the wine produced there was not interesting.

Born into an old Cognac family, Mr. Germain-Robin formed his company in Ukiah in 1983 and today offers three brandies, "Lot 6" at $30, Christmas Blend at $45 and a "Reserve" at $75.

Mr. Coale said he prices and positions Alambic's Germain-Robin brandy not against the mass-marketed brands of the big four of cognacs — Rémy Martin, Martell, Courvoisier and Hennessy — but against the artisanal distillers.

In selling these spirits, Mr. Coale, a former professor of Greek and Roman history who met Mr. Germain-Robin and his wife when he picked them up as hitchhikers in the United States in 1981, has borrowed techniques more common to wines than to spirits. For instance, he has done a lot of "hand-selling."

See COGNAC, Page 17

CURRENCY RATES

Cross Rates

May 3

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.973	3.349	1.1269	0.333	0.1523 *	—	5.478 *	1.3336	1.422 *	1.706	1.325 *
Brussels	35.355	60.90	20.575	6.0725	2.775 *	18.2525	—	24.3075	0.2557	30.65	32.25 *
Frankfurt	1.7143	2.957	—	0.2952	0.1349 *	0.8874	4.861 *	1.1845	1.2436 *	1.4985	1.68 *
London (a)	1.686	—	2.9443	9.998	2,189.50	3.3333	60.745	2.502	226.325	1.9573	182.48
Madrid	105.944	182.846	61.829	18.253	8.341 *	54.862	3.0851	73.242	76.944 *	92.125	—
Milan	1,271.30	2,171.30	741.34	218.85	—	657.82	36.028	877.42	9.222	1,104.45	11.994
New York (b)	—	1.6935 a	1.7485	5.913	1,273.80	1.9688	35.935	1.4768	138.85	1.1513	107.85
Paris	5.8685	10.032	3.3874	—	0.457 *	2.986	0.1647	4.01	4.2135 *	5.045	5.4785 *
Tokyo						Closed					
Toronto	1.1526	1.9461	0.6582	0.1946	0.089 *	0.5841	3.212 *	0.7791	0.8285 *	—	1.065 *
Zurich	1.48	2.4986	0.8409	0.2486	0.1142 *	0.7485	4.1098 *	—	1.0582 *	1.2745	1.3651 *
1 ECU	1.2077	0.6964	2.0691	6.9746	1,536.14	2.3306	42.3655	1.7382	165.496	1.3819	127.312
1 SDR	1.3445	0.7796	2.3049	7.8865	1,708.88	2.5963	47.4134	N.Q.	Clsd.	1.5422	N.Q.

Closings in Amsterdam, London and Zurich, fixings in other centers; New York closing rates, Toronto rates at 3 p.m.

*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9825.0	Greek drac.	188.25	Mex. peso	2998.01	S. Afr. rand	2.7925
Austral. $	1.2853	Hong Kong $	7.794	N. Zealand $	1.7094	Soviet ruble*	0.5998
Austr. schil.	12.12	Indian rupee	20.243	Norw. krone	6.7045	Swed. krona	6.155
Brazil cruz.	262.45	Indo. rupiah	1915.01	Phil. peso	27.10	Taiwan $	26.86
Chinese yuan*	5.2721	Irish £	0.6496	Port. escudo	148.20	Thai baht	25.60
Danish krone	6.576	Israeli shek.	2.2206	Saudi riyal	3.75	Turkish lira	3838.01
Egypt. pound	3.1886	Kuwaiti dinar	3.48	Sing. $	1.7664	UAE dirham	3.672
Fin. markka	4.027	Malay. ring.	2.7532	S. Kor. won	722.40	Venez. boliv.	55.15

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.7043	1.6974	1.6904	Canadian dollar	1.1529	1.1561	1.1586
Deutsche mark	1.7316	1.7362	1.7408	Japanese yen	138.60	138.79	138.97
Swiss franc	1.4603	1.4634	1.4664				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	May 3	April 26	Chge
DJ Indus.	2,938.86	2,912.38	+0.91 %
DJ Util.	211.46	209.82	+0.78 %
DJ Trans.	1,171.72	1,166.08	+0.48 %
S&P 100	360.54	358.91	—0.45 %
S&P 500	380.80	379.02	—0.47 %
S&P Ind	452.37	449.86	—0.56 %
NYSE Co	208.40	207.27	—0.55 %
Britain			
FTSE 100	2,526.00	2,471.30	+2.21 %
FT 30	1,979.10	1,939.40	+2.05 %
Japan			
Nikkei 225	26,478.	26,124.	+1.36 %
West Germany			
DAX	1,631.84	1,623.81	+0.49 %
Hong Kong			
Hang Seng	3,737.88	3,625.80	+3.09 %
World			
MSCIP	514.00	505.30	+1.72 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	May 3	April 26
Discount rate	5½	6.00
Prime rate	8½	8¾/9
Federal funds rate	5⅝	5⅞
Japan		
Discount	6.00	6.00
Call money	8 5/32	8⅛
3-month interbank	7 25/32	7 15/16
West Germany		
Lombard	9.00	9.00
Call money	8.90	9.00
3-month interbank	9.10	9.15
Britain		
Bank base rate	12.00	12.00
Call money	12¼	12.00
3-month interbank	11⅝	11⅞

Gold	May 3	April 26	Ch'ge
London p.m. fix $	355.50	353.25	+0.64 %

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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. May 3

Australian Dollars

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
A B N Austral	14½	94	[illegible]	[illegible]	
Anz Bk Gp	12¾	92	[illegible]	[illegible]	
Aust Gas & Lgt	16½	97	[illegible]	[illegible]	
Austri Control	12¾	93	[illegible]	[illegible]	
Austri Control	13¾	92	[illegible]	[illegible]	
Austria	14¾	92	[illegible]	[illegible]	
B M W Fin	14½	92	[illegible]	[illegible]	
B P Capital	14¾	92	[illegible]	[illegible]	
B P Capital	12¾	92	[illegible]	[illegible]	
B P Capital'A'	13¾	92	[illegible]	[illegible]	
C B A	12¾	93	[illegible]	[illegible]	
C B A	15¾	94	[illegible]	[illegible]	
C B A	14	94	[illegible]	[illegible]	
C B A	14	95	[illegible]	[illegible]	
C B A	13¾	99	[illegible]	[illegible]	
Council Europe	14	92	[illegible]	[illegible]	
Cr Suisse	14½	92	[illegible]	[illegible]	
Denmark	12¾	93	[illegible]	[illegible]	
Deut Bk Aust	14½	95	[illegible]	[illegible]	
Deut Bk Fin	15	94	[illegible]	[illegible]	
Eurofima	12½	93	[illegible]	[illegible]	
Eurofima	13½	94	[illegible]	[illegible]	
Eurofima	13	95	[illegible]	[illegible]	
Exportfinans	14½	93	[illegible]	[illegible]	
Girozentr Wien	12¾	92	[illegible]	[illegible]	
I B M	15¾	93	[illegible]	[illegible]	
I B M Aus Cred	12¾	92	[illegible]	[illegible]	
I B M Aus Cred	13	92	[illegible]	[illegible]	
I B M Aus Cred	13	94	[illegible]	[illegible]	
I B M Aust	15½	92	[illegible]	[illegible]	
I B M Aust	13¾	92	[illegible]	[illegible]	
I C I	15	92	[illegible]	[illegible]	
I C I	15½	92	[illegible]	[illegible]	
Mcdonalds Cap	15	95	[illegible]	[illegible]	
Natl Austri Bk	14¾	94	[illegible]	[illegible]	
Q T C Globals	12	93	[illegible]	[illegible]	
Q T C Globals	12	07	[illegible]	[illegible]	
Rank Xerox	14¾	91	[illegible]	[illegible]	
S E C Victoria	13	95	[illegible]	[illegible]	
S E K	14½	92	[illegible]	[illegible]	
S E K	13	93	[illegible]	[illegible]	
SBC Australia	14¾	94	[illegible]	[illegible]	
Soc Gen	12½	93	[illegible]	[illegible]	
St Bk Nsw	13¾	93	[illegible]	[illegible]	
St Bk Nsw	14¾	94	[illegible]	[illegible]	
St Bk Nsw	14½	99	[illegible]	[illegible]	
St Bk Sth Aust	15¾	94	[illegible]	[illegible]	
Sweden	15	94	[illegible]	[illegible]	
Sweden	13¾	94	[illegible]	[illegible]	
Volkswagen	15	94	[illegible]	[illegible]	
World Bk	13¾	92	[illegible]	[illegible]	
World Bk	14¾	94	[illegible]	[illegible]	
World Bk	12¾	94	[illegible]	[illegible]	
World Bk	13¾	95	[illegible]	[illegible]	
World Bk	14½	96	[illegible]	[illegible]	
World Bk Feb	14¾	92	[illegible]	[illegible]	
World Bk Jul	12¾	93	[illegible]	[illegible]	
World Bk Mar	12¾	93	[illegible]	[illegible]	

Canadian Dollars

Short Term

[illegible]

Corporates

[illegible]

Governments/Supranationals

[illegible]

ECU Straights

[illegible]

Pound Sterling

[illegible]

Yen Straights

[illegible]

MUTUAL FUNDS

Figures as of close of trading Friday, May 3.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

[illegible]

NL— No initial sales load. f— Previous day's quote. r— Redemption charge may apply. x— Ex dividend.

هكذا من الأهل

New International Bond Issues

Compiled by Andrew S. Register

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Collaterised Mortgage Securities No. 9 (A-1)	£ 60	2033	⅜	100	—	Over 3-month Libor until 1993 when coupon rises to 0.85% over 3-month Libor. Callable from 1993. Reoffered at 99.975. Fees 0.175%. Denominations £10,000. (J.P. Morgan Securities.)
Collaterised Mortgage Securities No. 9 (A-2)	£ 40	2033	½	100	—	Over 3-month Libor until 1996 when coupon rises to 0.85% over 3-month Libor. Callable from 1996. Reoffered at 99.66. Fees 0.54%. Denominations £10,000. (J.P. Morgan Securities.)
Fixed-Coupons						
Cemex/Tolmex	$425	1996	9.41	79½	—	Noncallable. Fees 1⅛%. (J.P. Morgan Securities.)
Electrolux	$100	1995	8¾	101.603	99.90	Reoffered at 100.29. Noncallable. Fees 1⅞%. (Credit Suisse First Boston.)
Société Générale	$150	1994	zero	82⅞	—	Yield 6.85%. Noncallable. Proceeds $122.30 million. Fees 1⅜%. Denominations $1 million. (Fuji Int'l Finance.)
Unilever Capital	$250	1996	8	100.885	99.18	Reoffered at 99.26. Noncallable. Fees 1⅞%. (J.P. Morgan Securities.)
British Land Co.	£100	2016	12½	100.483	—	Noncallable. Fees 0.625%. Denominations £10,000. (S.G. Warburg Securities.)
Collaterised Mortgage Securities No. 10	£100	1996	11¾	102⅛	—	Reoffered at 100.60. Noncallable. Fees 1⅞%. (J.P. Morgan Securities.)
Nationwide Anglia Building Society	£100	1995	11¼	101.14	99.50	Reoffered at 99.79. Noncallable. Fees 1⅜%. (Baring Brothers & Co.)
Volkswagen Int'l Finance	ITL 150	1995	12¼	101.80	100.40	Noncallable. Fees 1⅝%. (Banca Commerciale Italiana.)
Crédit Commercial de France	C$ 125	1994	10⅛	100.95	99.95	Reoffered at 99.825. Noncallable. Fees 1⅜%. (Goldman Sachs Int'L)
Hamilton Wentworth	C$75	2006	9¾	100.225	98.80	Reoffered at 98.85. Puttable at par from 1996 and 2001. Coupon rises to 10% from 1996. Fees 1⅞%. (Wood Gundy.)
Petrofina Delaware	C$ 100	1996	10⅝	101⅝	99.90	Reoffered at par. Noncallable. Fees 1⅞%. (Dresdner Bank.)
Province of Saskatchewan	C$ 250	1994	10	100.725	99.55	Reoffered at 99.60. Noncallable. Fees 1⅞%. (Wood Gundy.)
South Australian Government Financing Authority	Aus$ 100	2001	12	100¼	—	Noncallable. Fees 1⅞%. (Hambros Bank.)
Equity-Linked						
Unitika	$110	1995	4	100	—	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 535 yen per share and at 138.40 yen per dollar. Fees 2¼%. (Nomura Int'L)
Nichii	DM 500	1995	4	100	99.00	Noncallable. Each 5,000 mark note with 5 warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set May 13. (Deutsche Bank.)
Sakata Inx	DM 70	1995	4	100	—	Noncallable. Each 5,000 mark note with 5 warrants exercisable into company's shares at 805 yen per share and at 81.59 yen per Deutsche mark. Fees 2⅛%. (Yamaichi Int'l Deutschland.)
Ash Capital Finance Jersey	£ 60	2006	9½	100	—	Semiannually. Noncallable. Convertible into company's shares at £4.00, a 13.10% premium. Fees 2½%. (Barclays de Zoete Wedd.)

BCCI Lent to U.S. Bank Chiefs

First American Officials Had Pledged Not to Have Ties

By Jim McGee and Sharon Walsh
Washington Post Service

WASHINGTON — Clark M. Clifford and Robert A. Altman, the top officers at First American Bankshares Inc., earned $9.8 million on the bank's stock in a 1988 deal financed by Bank of Credit & Commerce International after telling federal regulators that BCCI would have no financial relationship with First American and its senior management.

BCCI was pivotal to the transactions, lending $18 million to Mr. Clifford and Mr. Altman so they could buy 8,168 shares of stock in 1986 and 1987, according to a statement provided Friday by Mr. Clifford and Mr. Altman. The loans carried little risk for the two men; if they failed to repay them, BCCI could claim only the stock.

In 1988, Mr. Clifford and Mr. Altman sold about 60 percent of their shares to a BCCI shareholder, Mohammad Hammoud, for $32 million. After repaying their BCCI loans and all remaining interest, Mr. Clifford made a pretax profit of $6.5 million while Mr. Altman earned $3.3 million, according to the statement.

They sold the shares at three times the price they paid in the previous 18 months and were left with debt-free ownership of their remaining 3,368 shares.

The stock transactions are the first public indication that Mr. Clifford and Mr. Altman profited personally through their private dealings with BCCI, a Luxembourg-based international banking giant whose far-flung operations have made it impossible for banking regulators to thoroughly monitor their activities.

BCCI made U.S. banking authorities so nervous in 1981 that the Federal Reserve Board, which regulates bank holding companies, held a special hearing on a proposal by several BCCI shareholders to take over Washington-based First American Bankshares.

The Federal Reserve approved the takeover only after receiving assurances from Mr. Clifford, Mr. Altman and the new investors that BCCI would have no role in First American's financial affairs — other than providing investment advice to the individual investors, who were longtime BCCI clients.

Mr. Clifford and Mr. Altman reported their purchases of stock in First American's holding company, Credit & Commerce American Holdings NV, to federal regulators as required.

In Friday's statement, they said the directors of the holding company approved the transactions.

"This was not secretive ownership," said the statement, which was prepared in response to questions from The Washington Post.

The four-member board of First American's holding company in 1986 included Mr. Clifford, Mr. Altman, the late Senator Stuart Symington and former Lieutenant General Elwood Quesada.

Frank Mankiewicz, a spokesman for Mr. Clifford and Mr. Altman, said the approvals are in writing. Mr. Quesada, asked about the transactions, said he does not recall whether he approved them.

Federal regulators were not aware that BCCI financed the purchases because the stock disclosure forms require only that Mr. Clifford and Mr. Altman report the number of shares they held in the holding company

Earlier this year, BCCI officials informed the Federal Reserve of the BCCI loans to Mr. Clifford and Mr. Altman. Federal Reserve officials said last week they would not comment on whether Mr. Clifford and Mr. Altman had any obligation to tell them about the BCCI loans because of the 1981 assurances.

Mr. Clifford and Mr. Altman declined to be interviewed on the stock transaction. Their spokesman, Mr. Mankiewicz, said they believed that the 1981 representations did not apply to the loans.

He said those representations were meant only to apply to the initial purchase of stock in First American's holding company by the new Middle Eastern investors who were acquiring the bank from Financial General Bankshares.

In earlier interviews, Federal Reserve officials said the meaning of those 1981 representations were clear in their minds: BCCI was to have no role whatsoever in First American's affairs or in financing the purchase of stock.

The Federal Reserve has been investigating the BCCI-First American relationship since early January after learning that BCCI made large loans secured by stock in First American's holding company. There are separate criminal investigations under way by the Department of Justice and the Manhattan district attorney into whether the bank regulators were misled about the role of BCCI in 1981 when they approved the takeover of First American.

The Federal Reserve has ordered BCCI to divest itself of any shares in the First American holding company that it ended up controlling because shareholders have not repaid loans secured by their shares.

Japan's Kaifu Warns Philippines Against Seeking a Debt Write-Off

Reuters

MANILA — Prime Minister Toshiki Kaifu of Japan on Sunday urged President Corazon C. Aquino to implement painful changes in the Philippine economy and warned that attempts to write off part of its overseas debt could make it hard to secure new loans.

Mr. Kaifu told Mrs. Aquino that suggestions that the Philippines secure a write-off of some of its official debt on the same basis as Poland should be treated with extreme caution. He said the measures agreed by major industrialized countries for Poland were exceptional because of its transition to a market economy.

"Measures should not be proposed which would make it more difficult to secure new capital," a Philippine spokesman quoted Mr. Kaifu as telling Mrs. Aquino.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Britain

Vauxhall

Year	1990	1989
Revenue	2,620.	2,508.
Pretax Net	239.10	236.30

Subsidiary of General Motors of the United States.

Wellcome

1st Half	1991	1990
Revenue	732.00	733.00
Pretax Net	181.00	164.10
Per Share	0.132	0.117

Germany

Schering

1st Quar.	1991	1990
Revenue	1,720.	1,700.
Profit	129.00	125.00

Netherlands

DSM

1st Quar.	1991	1990
Revenue	2,580.	2,890.
Profit	178.00	242.00
Per Share	5.10	6.90

Norway

Statoil

1st Quar.	1991	1990
Revenue	19,800.	15,700.
Profit	1,500.	903.00

Switzerland

CS Holding

1st Quar.	1991	1990
Profit	192.00	861.00

United States

Aetna Life & Casualty

1st Quar.	1991	1990
Revenue	4,700.	4,770.
Net Inc.	137.40	179.30
Per Share	1.25	1.61

Nets include loss of $14 million vs. gain of $20 million. Loss in 1991 includes writedowns of $52 million vs. $6 million.

Burlington Northern

1st Quar.	1991	1990
Revenue	1,130.	1,180.
Net Inc.	(a)8.00	63.00
Per Share	—	0.82

a: loss. Net for 1990 includes gain of $7.5 million.

Cabot

2nd Quar.	1991	1990
Revenue	418.80	401.70
Oper Net	15.55	(a)1.08
Oper Share	0.60	—
1st Half	1991	1990
Revenue	811.20	775.60
Oper Net	29.30	14.30
Oper Share	1.13	0.51

a: loss.

CIGNA

1st Quar.	1991	1990
Revenue	4,710.	3,890.
Net Inc.	48.80	42.00
Per Share	0.67	0.54

Nets include gains of $8 million vs. $4 million.

Cooper Industries

1st Quar.	1991	1990
Revenue	1,500.	1,420.
Net Inc.	64.70	59.80
Per Share	0.47	0.43

Coors (Adolph)

1st Quar.	1991	1990
Revenue	374.70	387.10
Net Inc.	6.31	7.49
Per Share	0.17	0.21

Net for 1990 includes charge of $7 million.

ENSERCH

1st Quar.	1991	1990
Revenue	807.50	772.20
Net Inc.	41.10	44.00
Per Share	0.58	0.64

Nets include charges of $5 million vs. gains of $34 million.

Loews

1st Quar.	1991	1990
Revenue	3,210.	2,980.
Net Inc.	136.00	223.60
Per Share	1.95	3.00

Nets include gains of $12.7 million vs. $23.9 million. Net for 1990 includes gains of $175.4 million.

Masco

1st Quar.	1991	1990
Revenue	753.00	810.00
Net Inc.	16.80	69.30
Per Share	0.11	0.45

Travelers

1st Quar.	1991	1990
Revenue	3,000.	3,200.
Net Inc.	93.10	91.40
Per Share	0.88	0.87

Nets include a loss of $2.4 million vs. a gain of $5.2 million; Net for 1991 includes a gain of $7.3 million.

A Silver Lining in Rate Rise?

Higher Yields Could Spur Demand at Treasury Auction

Compiled by Our Staff From Dispatches

NEW YORK — A better-than-expected employment report sent yields soaring in the U.S. Treasury market on Friday, but that should help attract buyers to this week's record $37 billion auction of new notes and bonds, analysts said.

"The focus will be on supply and nothing else but supply," said Joseph Liro, economist at S.G. Warburg & Co.

U.S. CREDIT MARKETS

The U.S. Treasury will raise $18 billion of new cash by issuing $13.5 billion of three-year notes on Tuesday, $11.75 billion of 10-year notes on Wednesday and $11.75 billion of 30-year bonds on Thursday.

The Treasury also said it expects to borrow around $40 billion in the second quarter and between $110 billion and $115 billion in the third quarter.

Analysts said the prospects for demand at the auctions were given a major boost by the market's sharp sell-off on Friday.

The market dropped on April jobs data that showed a fall to 6.6 percent in the unemployment rate from 6.8 percent in March. It was the first decline since May 1990. Economists had expected a rise to a 7.0 percent rate.

Because any positive economic news hurts the market in bonds and other fixed-income securities, the price of the Treasury's benchmark 7⅞ percent, 30-year bond fell 1 3/32 on Friday to close at 96 5/32 offered. This caused their yield to climb to 8.22 percent, from 8.11 percent the day before and 8.20 percent a week ago.

Thus after all the sound and fury over the wave of interest-rate cuts last week — led by the Federal Reserve's move cutting the discount rate by a half point to 5.5 percent and lowering the federal funds rate by a quarter point to 5.75 percent — the yield on the long bonds was still up by 2 basis points, or hundredths of a percentage point, for the week.

The three-year notes to be auctioned Tuesday were quoted on Friday at 7.12 percent on a when-issued basis, up from 7.05 percent the day before. The 10-year notes rose to 8.02 percent from 7.92 percent, and the 30-year bonds rose to 8.21 percent from 8.10 percent.

"The yield back-up will attract buyers to the refunding," said Philip Braverman of DKB Securities Corp. He estimated that Japanese investors would buy about one fifth of the auctions.

Once the refunding is placed, a decline in yields seems assured in response to the continuing recession, abating inflation and the virtual certainty of additional Fed easing, Mr. Braverman said.

The producer price index for April, due to be released Friday, is expected to show a modest rise of 0.1 percent after declining 0.3 percent in March.

Kathleen Stephansen, economist at Donaldson, Lufkin & Jenrette Securities Corp., said that neither this week's auctions nor the projected size of the borrowing need in the third quarter should stand in the way of a decline in interest rates. *(Reuters, NYT)*

BANK: *EBRD Answers Critics With Specific Goals*

(Continued from first finance page)

final approval. Over 200 projects are near the final decision stage.

The document acknowledges that the cost of transforming the economies of East European countries will be huge — 2 trillion Ecu to catch up with western standards. The EBRD stresses, however, that it will be only one of many sources of capital, with existing institutions like the World Bank and especially the private sector providing much of the needed finance.

"The bank will not be able, nor does it expect, to take a leading role in all of the areas" where it will be active, the document says. "It will plan to take a central role in some areas" such as privatization and restructuring of state enterprises.

But in some areas like development of modern transport, energy and telecommunications infrastructure, the bank recognizes the leading role that must be played by institutions like the World Bank and the European Community.

While it envisages participating as a co-manager and co-financer of major undertakings, it maintains that its essential contribution will focus on "institutional strengthening, policy reforms and managerial support" as well as helping design "innovative approaches" to financing and management.

Moreover, the bank's officials recognize that the capacity of East European economies to absorb large amounts of aid will be limited for some time by structural and institutional shortcomings.

"The bank must include these basic market economy building blocks in its priorities," the report says. "Many of these will necessitate difficult and time-consuming preparatory steps, essential for the development of the human and institutional base without which a market-based economic system cannot function."

In assisting in the creation of modern financial institutions, the document says, the bank will advise governments on reforming financial legislation and help restructure existing banks through consulting, training and financial participation. It will also back up efforts by the local private sector to create new financial intermediaries like merchant banks, and will help plan and set up capital markets.

At the heart of the bank's early work will be the related areas of privatization and restructuring. It will provide financial support as well as assisting in the creation of the market institutions that must underpin the private sector.

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DOLLAR: *Is Fed Responding to U.S. Pressure?*

(Continued from first finance page)

week when the dollar dropped sharply was accentuated by short covering, when sellers of marks rushed to buy back the currency.

But, he added, "that was a correction in the interbank market and what we saw was that institutional investors who haven't enough dollars took that opportunity to buy more.

"As in every correction so far since the dollar started moving higher on Feb. 11, the corrections have been shorter-lived and less dramatic than the market expected, and once it was clear we weren't going to go down further people bought back again."

Mr. Chertkow said the market was not at this point one of speculative money moving on interest-rate differentials, but one of capital moving in response to relative economic performance, which he called "a crucial distinction."

"If it were just a question of interest rates we'd never ever have held a Japanese yen or for that matter never ever have sold a British pound. It's a question of economic management and economic performance."

Mr. Chertkow, who has been consistently bullish on the dollar and remains so, added, "It appears that the economic management of Mr. Greenspan is reinforcing views that the U.S. economy is performing better in prospect than Germany's."

As for American economic prospects, J. P. Morgan's economist, Rimmer de Vries, is less sanguine. He's concerned about the slowdown in net exports and capital spending, which he calls "the driving forces of growth."

In the last few months, he said, capital spending has collapsed.

"At the same time, the situation outside the United States does not look so robust and that plus the stronger dollar is weakening exports," Mr. de Vries said.

His conclusion: "The United States has to grow from domestic sources and that means an easier monetary policy and lower interest rates."

He predicted that last week's rate cut would not be the last.

"We will need more, we're still in period of easing and will remain in that frame for the rest of the year," he said.

As for the dollar, "it should be lower," Mr. de Vries said. "It would be wrong to let the dollar get much stronger." He said the country needs a weaker exchange rate to boost export sales of U.S. industry.

COGNAC: *California Style*

(Continued from first finance page)

on-site taste-tests for liquor stores and restaurateurs.

For Germain-Robin, the efforts are starting to pay off. "We probably sell more of the regular Germain-Robin bottling than any single brand of cognac," said David Wilce, manager of Pacific Wine & Spirits in Los Gatos, California.

If building a brand in a California "cognac" is difficult, selling domestic eau de vie is almost quixotic. Few Americans know these brandies, which are produced by first fermenting fresh fruit — typically cherries, raspberries or pears — into a wine.

Like alembic brandies, they are heated in a pot still to produce a distillate, but are distinctive in that they are not aged, but bottled clear to preserve the fruit nuances.

To make eau de vie more familiar to an American palate, Jorg Rupf, who founded St. George Spirits in Alameda, California, in 1984, has altered his distilling techniques to produce more fruit flavor than the European brands. "If it doesn't taste like the fruit, Americans don't have a reference point," said Mr. Rupf, a former attorney from the Black Forest region of Germany.

While the liquor was invented in France and Germany as a way to make use of culled fruit, Mr. Rupf prefers to use the best ripe fruit he can find for a smoother taste.

For the moment, he is sacrificing high margins to establish an appetite for his product. It takes up to 30 pounds (13.6 kilograms) of fresh fruit to make just one bottle of pear eau de vie, which sells for about $15.

"We have to sell the bottle at a half-way reasonable price, which is not really adequate for us," Mr. Rupf said. "Our profit margin is too low, but we have to build up the consciousness of the consumer. The price will have to be adjusted over time."

Meanwhile, several other distillers are experimenting with making smoother versions of grappa, a fiery peasant brew produced from pomace — the skins, seeds and stems left over from wine-making — and marc, a grappa-like brandy aged in wooden casks. By packaging grappa in hand-blown Venetian glass, some Italian distillers are now finding a ready market at $150 a bottle or more.

The trick is making it drinkable. Bonny Doon Vineyards in Santa Cruz, a leading proponent of Rhône-style wines in California, leaves a bit of the fermented wine in the pomace to make a smoother distillate.

"It gives you a really fine product, one that people enjoy drinking, rather than just a macho thing," said Randall Graham, the owner. "In Italy, most of the grappas are still pretty poisonous."

TELMEX: *A Hot Issue From a Developing Country*

(Continued from first finance page)

in dollars and the capital inflow will be registered with the central bank, enabling shareholders to escape exchange controls and repatriate dividends or the proceeds from the resale of the stock.

The shares are being offered at 26 pesos, about $1 each, for a total of 2.5 billion pesos, or about $90 million.

Samsung Electronics of South Korea is also in the market with an offering of $100 million of global depository receipts to be listed in Luxembourg and traded over the counter. Credit Suisse First Boston will fix the price this week at around 25 percent over the five-day average of the existing nonvoting shares, which currently are worth $42. That would put the price at around $52.50 and would mean an issuance of around 1.9 million shares.

The global depository receipts will be exchangeable into shares starting next year, when the South Korean market is opened to direct foreign ownership. The government is expected to limit foreign holdings to no more than 10 to 15 percent of any company.

By then, Samsung Electronics is expected to have largely filled its quota; the current sale represents 5.3 percent of its capital and an outstanding Eurobond convertible issue represents another 3.2 percent.

Developing countries also made news in the bond market last week with the largest offering from a private Mexican company since the outbreak of the country's debt crisis in 1982.

Cemex and an affiliate, Tolmex, jointly issued $425 million of five-year notes. Cemex, the largest producer of cement in Mexico and the fourth-largest producer in the world, tapped the international market last year for $100 million and in 1989 for $150 million via a U.S. affiliate, Sunbelt Enterprises.

Last week's offering carries a coupon of 9.41 percent, but net of Mexican withholding tax the effective coupon is 8 percent. However, the paper is priced at a discount of 79.5 — raising the yield to investors to an eye-popping 15.6 percent.

The lead manager, J.P. Morgan Securities, said buyers were institutional investors in Europe and the United States, where the paper is being marketed as a private placement.

Overall, bankers reported continuing investor demand for bonds but a reluctance by borrowers to tap the market because they expect rates to move lower.

Nevertheless, Unilever Capital issued $250 million of five-year notes carrying a coupon of 8 percent. The paper was priced at 100.885 and reoffered at 99.26 to yield 40 basis points more than comparably dated U.S. government notes.

Electrolux borrowed $100 million for four years paying a coupon of 8¾ percent. The paper was priced at a premium of 101.603 and was reoffered at 100.29 to yield 115 basis points over the U.S. government paper.

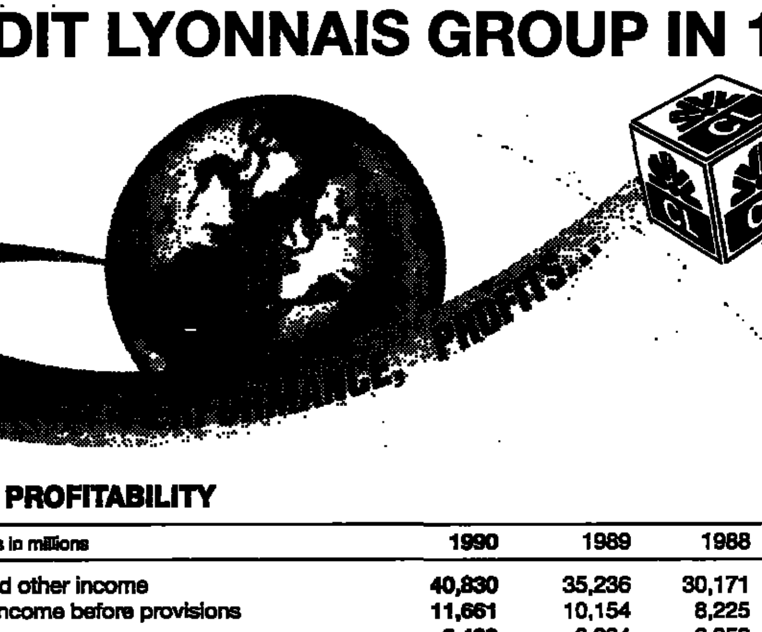
Greece will be coming to the market this week seeking up to 500 million Ecu for five years. Credit Suisse First Boston, Morgan Stanley, Nomura and Dresdner have been mandated to arrange the placement, which analysts caution is relatively large for a country of Greece's credit standing.

Private Banks for Iraq

Reuters

BAGHDAD — The government on Sunday adopted an amendment to its banking laws that would allow privately owned banks for the first time since 1965, the official Iraq News Agency reported.

THE CREDIT LYONNAIS GROUP IN 1990



INCREASED PROFITABILITY

French Francs in millions	1990	1989	1988
Banking and other income	40,830	35,236	30,171
Operating income before provisions	11,661	10,154	8,225
Provisions	6,490	6,294	6,359
Net profit	4,562	3,494	2,158
Group's share	3,707	3,130	2,063
Minority interests	855	364	95

A STRONGER CAPITAL STRUCTURE AND ENHANCED RISK COVERAGE

French Francs in billions	1990	1989	1988
Equity capital and equity-capital equivalent	61.6	39.0	33.8
Provisions	41.6	37.5	36.2
Total	103.2	76.5	70.0
Net equity-capital, equity-capital equivalent and provisions/Gross loans to customers (%)	15.0	13.3	13.9
Risk asset ratio (BIS ratio)	9.08	8.34	8.61

A DEVELOPING ACTIVITY

French Francs in billions	1990	1989	1988
Gross loans to customers	692	575	505
Customer deposits	580	464	412
Assets managed	289	262	215
Portfolio of industrial and commercial shareholdings (excluding banks and insurance companies)	24	15	12

AN EXPANDING GROUP

	1990	1989	1988
Total balance sheet (French Francs in billions)	1,463	1,221	1,084
Number of offices in the world (outside France)	1,200	994	833
Number of offices in Europe (outside France)	538	365	223

CONSOLIDATION OF EARNINGS PER SHARE AND A STEADY DIVIDEND in spite of a significant increase in the number of shares (+ 27%)

in French Francs per share	1990	1989	1988
Earnings	110.6	118.4	78.7
Estimated net asset value	1,333	1,330	1,113
Average share price for the year (non voting share)	686	608	493
Gross dividend	34.5	34.5	28.5

CL CREDIT LYONNAIS GROUP

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, May 3.

Sales in 100s High Low Close Net Chge

A

A&W Bd .10e .3 205 34 31½ 32¾ — ½
ABS .32 4.3 11 8¾ 8½ 8¾ + ¼
ACC Co .14 1.5 1576 10½ 9¾ 10⅛ + ⅛
ADC .07 2.5 1720 3¼ 3⅛ 3⅛ +0⅛
ADT . 1 28149 13⅜ 11⅜ 12⅛ —1⅜
AEL 418 4⅜ 4⅛ 4⅜ —
AFP 84 11½ 10¾ 11¼ —
ASK 5010 8¾ 7½ 8 — ½
AST s 81486 25 20¼ 22½ —1¼
AamRt .10 1.2 122 8¾ 7¾ 8⅛ — ⅛
AbtinB 5 4¾ 4¾ 4¾ —
Abrams 20 6.4 14 3⅜ 3⅛ 3⅜ + ⅛
Accel .24 2.3 339 11½ 10½ 10½ — ½
Acksm 6030 4¼ 4 4¼ + ⅛
Acmte .28 2.4 58 12¼ 11¾ 11¾ —
ACMT 1126 12⅜ 12⅛ 12⅜ —
Acmtrg 2 4¾ 4¾ 4¾ —
AcmeSP 245 14½ 13⅜ 13⅜ —1⅛
ActARI 2408 7½ 6⅝ 7 —
Acxiom 2870 14⅜ 13¾ 14 —
AdacLb 8704 2¼ 1¾ 2⅛ + ⅛
Adage 845 1⅜ 1⅛ 1⅜ + ⅛
Adcat 3019 11½ 10 10⅜ — ⅛
Adimet s 262 9 8¾ 9 + ⅛
AdidSv .16 .7 632 21½ 20⅜ 21½ + ⅜
Adobes .32 .4 34378 55½ 48½ 53 — ⅜
Adtec 937 2¾ 2 2¼ + ⅛
AdvRos 88 10⅜ 10 10 —
AdvCrs 1727 8⅜ 7¾ 8⅛ —
AdvLog 4541 16½ 14¼ 15⅜ — ⅜
AdvMag 176 25⅛ 23 23 —1
AdMktSv 2308 3⅜ 2½ 3¼ + ⅛
AdvPoly 910 3¾ 3 3⅜ + ⅛
AdvSem 202 3¼ 3½ 3¼ + ⅛
AdvTel 1822 24 22¾ 23¼ —1
Advanta .28 1.1 3773 18¼ 15¾ 16⅜ +1⅛
AdvcSV 8150 20½ 18 20 —
Aegon 2.71e 4.2 224 65½ 61⅜ 64⅝ +1⅜
Aeguitm 1138 3 1¾ 3 + ⅛
AerSys 43 ⅞ ⅞ ⅞ —
AetSys 858 6⅜ 5¾ 6 — ⅛
AffBCCo 43 1⅛ ⅞ 1⅛ —
Affdsh .08e .5 1565 18 16¼ 17¾ +1¼
AgncyR .48 8.0 2123 9¾ 8½ 9 — ⅛
Agnico g .20 4.1 789 5¼ 4¾ 4⅞ — ⅛
Agourn 912 16½ 13¼ 15¾ —
AirMid 1467 9 7¾ 8¾ + ⅛
AirWisc 540 6¾ 6 6¾ —
AirTran .16 1.5 5266 10½ 9¾ 10½ +⅛
Akorn .07 2.5 1720 3⅛ 2¾ 2¾ —
Alcoa 1.85e 6.2 4714 30½ 28¾ 29⅝ — ⅛
Alcohn 1.10 7.2 81 15¾ 14¾ 15¼ + ⅛
Aldus 1508 44⅜ 41 44⅜ + ⅛
AlexBr .28 1.7 9773 17½ 15⅝ 16⅜ + ⅛
AlexBld .88 3.4 8048 29½ 25¾ 26 + ⅛
AlfaCp .44 3.7 228 12¾ 11¾ 11¾ —
AlisaR 1115 22 20¼ 21¾ + ⅛
Alkco .15 .7 322 21 21 21 — ½
AllAm s 107 1⅞ 1⅝ 1⅝ + ⅛
AllCity 3 6½ 5¾ 6½ + ⅛
AlphW 963 5¼ 5¼ 5¼ —
AlpOrg .40o 1.1 102 38 35 38 +2
AlkanPh 2843 12¾ 11¾ 12¼ —
Alliant h 2700 14 13¼ 13¾ —
Allou .32 5.6 2 5¾ 5¾ 5¾ — ⅛
AlldCap 1.29e 7.8 826 17 16½ 16½ — ½
AldCstl 1.00e 6.0 343 17¾ 16¾ 16¾ + ½
AlldCl 2113 19¾ 18 19¼ —
AlldSig .56 3.2 1 17¾ 17¾ 17¾ + ¼
AlldRsh 1613 10¾ 9¾ 10¼ —
AloyCot 15 ½ ½ ½ —
AltaRn 1170 8¾ 7¾ 8⅛ —
Altera 6757 5¾ 5 5¾ — ⅛
Alcefte .32 2.6 488 12¾ 12 12¾ — ⅛
AlpMic 8 1¾ 1½ 1⅝ + ⅛
Alphgn1 2049 7⅝ 7 7⅜ —
AltaGld .06e 4.6 1353 1⅜ 1⅜ 1⅜ —
AltaHlt 1207 16 13¾ 14¼ —1¼
Altera 8294 16½ 14⅜ 16 —
Altron 143 3 2¾ 3 —
Amrvest 626 2¼ 1¾ 2⅛ + ⅛
AmcarF .56 4.1 134 12¾ 11¾ 12¼ + ⅛
Amrican .56 5.2 545 10¾ 10 10¾ + ⅛
Amerbc 120 2¾ 2¾ 2¾ —
AFAMIZ 2.10e30.5 740 6¾ 6½ 6½ —
AFFF 1.50 8.0 814 19 18¾ 18¾ + ⅛
AmFdPr 1.30 11.1 294 11¾ 11¼ 11¾ + ⅛
AFTXE 1.00 11.8 207 8¾ 8¾ 8½ + ⅛
AFTXEZ 1.28 12.5 1499 10¼ 9¾ 10¼ —
AWAirl 3769 6¾ 6 6¾ —
AmBcp 1.00e 5.0 44 20 19¾ 20 +1¼
ABrkr .68 4.3 5014 16 15¾ 15¾ + ⅛
AmCity 1770 18 17½ 17¾ + ⅛
ACotold .44 5.2 661 8½ 8 8½ + ⅛
ACorsu 50 3½ 3½ 3½ —
AmEcol 356 11½ 10¾ 11¼ —
AESrvDu 1 5¾ 5¾ 5¾ + ⅛
AFilm 3414 3¾ 3½ 3¾ —
AFilmn .90 4.0 14 22¾ 21¾ 22¾ +1½
AGreet .20 1.9 8045 39 37½ 37¾ —1
AHrtSv 1 8¾ 8¾ 8¾ —
AmIdP .08 1.2 140 7½ 6¾ 6¾ — ⅛
AmImg 931 4¾ 4¾ 4¾ + ⅛
AMS 2862 28¾ 26 27¼ + ⅛
AMedE 2933 15½ 13¾ 15¼ + ⅛
AMtHse .72 5.1 1301 14¾ 14 14¼ —
ANucFC 349 2¾ 2 2 —
AmNurs 270 1¾ 1¾ 1¾ —
AmPac 965 12¾ 11½ 12⅜ + ⅛
APhyG 1 ⅛ ⅛ ⅛ —
APwCv s 4527 20½ 17½ 19½ +1
AReeBc 183 7¾ 5¾ 6¾ — ⅛
AmRice 82 ⅜ ⅜ ⅜ —
ASoft s .24 2.1 3202 12¾ 11 11½ — ⅛
AmSht 3,258 52.9 1 3¾ 3¾ 3¾ —
ATvCm 5697 45¾ 41½ 45¼ + ⅛
ATrav s 3559 15¼ 14¼ 14¾ —
AVana 1 5⅜ 5⅜ 5⅜ —⅛
AWood 424 6¾ 6¼ 6¼ —
AmAll .21e 5.1 419 4½ 4¼ 4¼ —
Ameritr .44 4.3 6222 15¾ 14⅜ 15 — ⅛
Ampeng 4810 937 123 133 — —
Amplicn 3 ⅜ ⅜ ⅜ —
AmyBc 40 3¼ 3¼ 3¼ —
AmskBk 1175 ½ ⅜ ½ —
Amsska 51 12½ 10½ 12 +1½
Amsken 43 ⅞ ⅞ ⅞ —
Amserv 187 3¾ 3¾ 3¾ + ⅛
AmtcCp 4514 15 13¾ 14¾ + ⅛
Amlogic 1943 13 10¾ 12¾ — ⅜
AmolyTc .19 1.5 160 13¾ 12¾ 13¼ + ⅛
Analiv .24 2.1 519 12½ 11¾ 11¾ — ⅛
Ananpel .90e 6.9 2979 13¼ 12¾ 13¼ + ⅛
Anaren 538 4 3¾ 3¾ — ⅛
AnchBc 4948 3¾ 3⅜ 3⅜ — ⅛
AndrCr 96 10 9½ 9½ —
AndvBc 415 4¾ 4¾ 4¾ —
AndvTc 2 1½ 1½ 1½ —
Andrew 1193 32¼ 32 32¼ +2¼
Andros 337 9 8¾ 8¾ — ⅛
Aperfus 1046 2¾ 2¾ 2½ + ⅛
ApogEn .26 1.7 2169 16 15 15 — ⅛
Apolon 2197 ⅛ ⅛ ⅛ —
ApolloC .48 1.0 34278 50¼ 47 47 —3¾
Aplabee .04e .4 488 11 10¼ 10⅝ + ⅛
ABiosc s 1368 30 28¾ 29¼ — ⅛
ApldBio 5962 15¾ 13¾ 14¼ —1¼
ApldImg 15074 14 12½ 13¼ —
ApldMl 10863 33 29¾ 31¼ — ⅛
ApldPw .12 .8 1740 15½ 14½ 15¼ + ⅛
AskSfr 364 6½ 5¾ 6½ + ⅛
AraSch 364 6¾ 6¼ 6¾ —
Arbor .20 .8 4983 25½ 23¾ 24¾ +1
Archive 4425 8¾ 7 7¼ — ⅛
Arctco 2163 8¾ 8 8¾ + ⅛
Ardon 144 4 4 4 —
ArgoGp 2.04 2.2 324 99⅜ 94¾ —1¼
ArlCh 632 3½ 2⅝ 2⅝ + ⅛
ARIX 3485 1¾ 1⅜ 1⅝ + ⅛
ArkaFt 516 25¾ 24½ 25¼ + ⅛
Armor .44 5.6 124 8 7¾ 8 + ⅛
Arnold 1.00 1.9 384 53½ 47 53¼ +4½
ArgwFn .40 4.1 681 11¾ 9¾ 9¾ —1¼
Artel 314 2¼ 1⅞ 2 —
ArtInfG .13e .9 3737 17½ 14¾ 15¾ + ⅜
ArtWay .40 3.7 54 10¾ 10¼ 10¾ + ⅛
Ashton 10579 9¼ 8¾ 8¾ — ⅛
Askamr 2873 4½ 4¼ 4¼ — ⅛
AspctTl 3196 10½ 8½ 10 +1
Asmlm 98 1¾ 1¾ 1¾ —
Assix 444 2¾ 2½ 2¾ — ⅛
AsdBnc .80 3.5 297 23 22¾ 23 + ⅛
AsdCmA 271 33¾ 30¾ 32 —1
AsdCmB 1353 1¾ 1½ 1¾ —
Astec 131 6 5½ 5½ + ⅛
AshMs 417 16½ 15 16 —
Astrcm 50 ⅞ ⅞ ⅞ —
Astrotc 70 2¾ 2¾ 2¾ —
Astrosy 232 3¾ 3¾ 3¾ + ⅛
Atek 24 3¾ 3¾ 3¾ + ⅛
Athey .10e 1.9 22 5¾ 5¼ 5¼ —
AtkMun 1443 27¾ 27 27¾ + ⅛
AtlAm 124 1¾ 1½ 1¾ + ⅛
AtlSeAr .60 2.0 4022 30¾ 26¾ 28¾ +1½
Atmel 6021 15¾ 14¾ 15¼ — ⅛
AtwdOc 1 11¾ 11¾ 11¾ —
AuTrTr 15 2¼ 1¾ 1¾ — ⅛
Autoinf 147 3¾ 3¾ 3¾ —
Autoclv .24 3.8 231 8 7¾ 7¾ — ⅛
Autodk .48 .8 18103 63 57¾ 57¾ —4¾
Autodie 683 3½ 2½ 2½ —
AutoCo 68 12 10¾ 10¾ + ⅛
Avntek 3480 3¾ 2¾ 2¾ + ⅛
Avnet 3457 34¾ 32¾ 33¾ + ⅛
Avndle 482 5¾ 4¾ 4¾ + ⅛
Avtor 6848 6¾ 6¼ 6¼ — ⅛
AztcM .10b 2.4 587 4¾ 3¾ 4¼ + ⅛

B

BH Bulk 203 2¼ 1¾ 2 —
BB&T s .84 4.2 1503 21¼ 20 20½ — ⅛
BEI El .08 .9 267 9 8½ 8½ — ⅛
BEI 2233 4¾ 4¼ 4¾ + ⅛
BF Ent 45 3¾ 3¾ 3¾ —
BFS NY 326 4¼ 4¼ 4¼ — ⅛
BGS .60a 2.3 2247 27 26 26½ — ⅛
BHA 578 15 14 15 —
BHIA B 4241 14½ 13½ 13½ —
BI Inc 2223 9¼ 8½ 9⅛ + ⅛
BMA 1.20a 5.5 2078 23¾ 22 22 —1
BMC Sft .40 5.7 7477 41 37¾ 41 + ⅛
BMR Fn 98 4½ 4 4½ + ⅛
BNH 94 3¾ 3¾ 3¾ + ⅛
BSB Bs .72 4.8 576 15½ 14¾ 15 + ⅛
BT Fin .88 6.2 5 14¼ 14¼ — ⅜
BT Shs .90e 5.7 234 15¾ 15¾ 15¾ — ⅛
BTR .08 .3 72 28¾ 27½ 28¼ + ⅛
BTU Int 1 ⅛ ⅛ ⅛ —
Babcock 512 19¾ 18¼ 19¼ —
BadgrP .48a 2.8 176 25 21½ 24 +1
Bailey 229 1⅞ 1½ 1⅝ + ⅛
Baldwn wt 2 ⅛ ⅛ ⅛ —
BakerJ .06 .7 6179 8¾ 8¼ 8½ —
Baldwn s 375 8½ 7 7¼ + ⅛
BaldLs 30 1.3 331 24 21½ 22¾ —1¼
BaldFlg .30 1.3 331 24 21½ 22¾ —1¼
BaldPlg 126 12¼ 11¼ 11¼ —
Bkrfds 1 ⅛ ⅛ ⅛ —
BkrHgh 1 ⅛ ⅛ ⅛ —
Bkrhgh wt 1 ⅛ ⅛ ⅛ —
BkrsSq .25e 1.9 208 13 12¾ 13 —
BrdrMd 1317 9 8¾ 8¾ — ⅛
Brlchr 444 11¾ 10¾ 10¾ —1⅛
BizMrt 11497 11¾ 10¾ 11¼ + ⅛
Blackl .35e 4.2 7 8¾ 8¾ 8¾ + ⅛
Blanc 252 6¼ 6 6¼ —
BlisLou 3 4½ 4½ 4½ +1
BlockDr 2734 6⅜ 6¼ 6⅜ — ⅛
BlckD .80b 1.5 244 55 52¾ 54½ — ½
BlkSun 2 ⅛ ⅛ ⅛ —
BootBn 2.12 5.1 8779 41½ 39¾ 41¼ +1¾
BobEvn .36 1.4 7003 28½ 27¾ 28¾ + ⅛
Bohemia 1732 16¾ 15¾ 16¼ — ⅛
BomaPh 2290 3¾ 3¾ 3¾ — ⅛
BoolleB 226 13½ 11½ 12½ — ⅛
BoonEl 269 2¾ 2½ 2¾ + ⅛
Borlnd 34201 56¼ 48¾ 53¾ —2¼
BostAc .28 1.6 526 20½ 18¾ 19¾ — ⅛
BostBc .60 3.3 207 18½ 17¾ 18⅛ + ⅛
BshnDig 1 14 2¾ 2¾ 2¾ —
BshPB 1403 5½ 5 5¼ — ⅛
BostTc 4755 5 4½ 4½ — ⅛
BndBc 192 13¾ 12¾ 13¾ —
BoydW .48 1.4 188 34½ 32 32 —1⅜
Brantre .36 9.0 10 4 4 4 — ⅛
Brandt s 3127 18½ 16 18¼ + ⅛
Brandys .24 2.4 170 10¼ 9¾ 10¼ + ⅛
Bredesv 15 13¾ 13½ 13½ + ⅛
Brkwtg 709 ⅞ ⅞ ⅞ —
Brenco .20 2.9 172 7¼ 6¾ 7 + ⅛
Brendle 16 1¾ 1¾ 1¾ —
BrdcFs .16 .8 1192 20 17½ 19¾ — ⅛
BrltnV 142 5¾ 5 5¾ — ⅛
BrookN .50e 7.3 41092 8 6¾ 6¾ — ⅛
Brooktn s 214 12 10¾ 11¼ + ⅛
BdwyFn 5 3½ 3½ 3½ + ⅛
Brkfree 7748 17¾ 14¾ 15¾ —1⅝
BrTom 5158 4½ 3¾ 4¼ + ⅛
Brunos .18 .9 17265 20¾ 19¾ 19¾ —1
BryaNw .60 3.0 2852 22 17 20 +1⅜
Buffet 4814 36¼ 34 35¾ + ⅛
BuffXT 2469 7⅜ 6¾ 7¼ + ⅛
BullRGd 501 ⅞ ⅞ ⅞ —
BurnpS 1351 8⅞ 8½ 8⅝ + ⅛
BurrBr 2210 11 10¾ 11 + ⅛
BurrTr 481 5¾ 4½ 4¾ — ⅛
BusnRc 185 15¾ 14¾ 15 + ⅛
ButlrMf 412 17¾ 16½ 16¾ + ⅛
Bytex 7489 14⅜ 12½ 13⅜ + ⅛

C

CB T s .48 4.8 123 10¼ 9¾ 10 — ⅛
CCA 1032 1⅜ 1⅜ 1⅜ —
CCBcp 1.52 4.6 83 34¾ 33¼ 33¼ —1
CCBF .80 4.8 1648 17 16½ 16½ — ⅛
CCOR 372 7 6¾ 6¾ — ⅛
CEMs 1535 10¼ 9¾ 10 + ⅛
CFPI SI 2122 ⅜ ⅜ ⅜ —
CFPI .15e 2.3 448 6¾ 6¼ 6¾ + ⅛
CFSB Bc .08e .7 2412 11 11 11 — ⅛
CIS Tch 2817 5¾ 5¾ 5¾ —
CK FSV .40 3.8 61 11 10½ 10½ — ½
CMS Dt 1 ⅛ ⅛ ⅛ —
CNB .88b 4.3 48 20½ 19¾ 20¼ —
CPAC .24 3.7 22 6½ 6½ 6½ — ⅛
CPB .64 3.2 6 20¾ 20¼ 20¼ —1¼
CPCC Rx 19 1¾ 1¾ 1¾ —
CSC Ind .08e .7 149 ⅜ ½ ⅜ — ⅛
CSP 99 6¾ 6¼ 6¾ + ⅛
CTEC 415 16½ 15¾ 15¾ — ⅛
CTEC Inc .30 4.0 178 8 7¾ 7¾ — ⅛
CabotM 33138 17 14 16½ +3½
Cache 1835 1⅝ 1½ 1½ — ⅛
Cadmus 2771 24 23¾ 23¾ — ⅛
CdbyS 2.45e 3.8 1162 65½ 62¾ 64¾ —1⅛
Cadelin 5138 7¾ 7¾ 7¾ —
Caldmus .20 2.8 565 8¾ 7¼ 7¾ —1
Calere 1226 22½ 20¾ 21¾ —
CalgnSs .40 2.1 14 19½ 18½ 19¼ +2½
Calgene 11629 6¾ 5¾ 6¼ + ⅛
Calia pf 2.25 9.4 1 24 24 24 + ½
Calicor .32 9.6 7265 34 32¾ 32¾ —
CalAmp 137 1½ 1½ 1½ + ⅛
CalBio 8767 14½ 13¾ 14½ + ⅛
CalFed .40 4.2 27 9¾ 9 9¾ + ⅛
CalMic 84 1¾ 1¾ 1¾ —
CalMic 8681 15½ 13¾ 14¾ —1
CalSBk 118 9¾ 8¾ 8¾ — ⅛
CalWtr 1.80 6.2 122 29¼ 27½ 29 + ⅛
Calton .37e 23.7 43 1½ 1½ 1½ —
Camtrx s 1364 13 13 13 —1⅜
CamBio 4575 5¼ 4¾ 4¾ — ⅛
Candla 6732 10¾ 9¾ 10¼ + ⅛
Cannix 1271 12¾ 9¾ 10¾ —1⅜
Canrel .36e .6 3975 59½ 57¾ 58¼ +1½
Canonie 289 9¼ 8½ 8½ — ⅛
CanyRs 292 1 ⅞ ⅞ + ⅛
CCBY 1.00 5.6 79 17¾ 16½ 17¾ — ⅛
CapAsc 301 ⅞ ⅞ ⅞ —
CapSw .50a 2.3 1632 22 21¼ 21¾ + ⅛
CapitBc 59 5½ 4¾ 4¾ — ⅛
CapTr s .28 .9 1632 23½ 21 22½ — ⅛
CrdtAm s .28 .2 51633 36¼ 34¼ 35¾ —
CareGo 480 3¾ 3½ 3¾ —
CrbG wt 139 5 4¾ 4¾ — ⅛
CarlCn .61e 4.1 482 15¾ 14¾ 15 —
Carmik 851 15½ 14¾ 15 —
CaroFn .28 3.0 29 10 9¾ 9¾ +1¼
Carlmgn 985 11½ 11 11¼ — ⅛
Carver 134 3¾ 3¾ 3¾ — ⅛
Cascde .60a 2.9 194 20¾ 20 20¾ + ⅛
Cascsh 17214 7¾ 6¾ 7¾ + ⅛
Caseys .10 1.0 5760 10 9¾ 9¾ + ⅛
CashEn 738 6¾ 6 6¾ — ⅛
CathBcp 207 18¾ 18 18¼ — ⅛
CathCo 3134 3¾ 3½ 3¾ —
CathSt 376 7¾ 7¾ 7¾ — ⅛
CdrG wt 10 ⅜ ⅜ ⅜ —
Celgene 1309 19¼ 17¾ 19½ + ⅜
CellTch 2708 11½ 9¾ 11 + ⅛
Cellcm wt 1 ⅛ ⅛ ⅛ —
CellCm 4961 36 33 33¾ —2¼
Celrin 2095 15½ 13½ 15 +1
Celtrx 761 12½ 10¼ 11¾ —
Centinc 424 5¾ 5¾ 5¾ —
CtrBnk 23 5¾ 5¾ 5¾ + ⅛
Centrtck 206 3¾ 3 3¾ + ⅛
CentxTl 4850 36 31¾ 34¾ —1⅛
CentCor 17870 21 19¾ 20¼ + ⅛
CntGas 1.88 7.5 282 24 23½ 24 —
CelnGo .40 3.0 313 14¾ 13½ 13½ —
CelsNt .16 .9 3288 18 15¾ 17¾ +1¼
CelsTc 1270 23¾ 20¾ 23¾ —
CelFst 145 7¾ 7¼ 7¾ —
ColHsp s 697 17 14¾ 16½ —
Comdtr .40 2.1 1220 19¼ 18¼ 18¾ —
Comdta 1605 19¾ 18½ 19½ —
Commel 801 18¾ 14½ 17¾ +2¼
CmwlAl 10157 28¾ 18 19¾ —
CmwEd 2934 7¾ 7¾ 7¾ —
Cmtch 1626 7¾ 7¾ 7¾ —
Cmpcm 2183 23¾ 23¾ 23¾ —
CmpDt .14 1.6 4300 9¾ 8¾ 9¼ + ⅛
CmpAs 27 12¾ 12 12¾ + ⅛
Cmpldn 412 1 ⅞ ⅞ —
CmpLR 468 3¾ 3½ 3¾ + ⅛
CmpMtl 810 1¾ 1½ 1¾ + ⅛
CmpPr 3444 3 2¾ 2¾ — ⅛
Comshr s 674 19¾ 17¾ 18¾ —
CmstRs 1135 2¾ 2½ 2½ —
CmtSpn 1649 4¾ 4¾ 4¾ —
Comcrc 177 4 3¾ 4 + ⅛
CncCrs 2671 19¾ 18 18¾ —1⅛
Conctr 420 7¾ 7½ 7¾ + ⅛
ConITc s 2211 5¾ 5¾ 5¾ —
ConSpr 32 2 2 2 —
Conmed 2008 23 18¾ 19¾ —1½
ConnWt .60 8.4 2 7¼ 7¼ 7¼ —
Consfrm 6934 17¼ 14¼ 14¼ —2¼
ConsFbr 4 3½ 3½ 3½ —
ConsPap 1.36 3.2 3187 42½ 39¾ 39¾ —2
ConPds 484 3¾ 3½ 3¾ —
ConsTem .34a 1.3 412 26½ 23½ 25¾ + ⅛
ConstBc 3070 7¾ 4¼ 6¾ + ⅛
CBNE 125 6¼ 4 6¼ + ⅛
Consul 1998 ⅜ ⅜ ⅜ —
ConsBrd .14 3.3 74 4¾ 4¾ 4¾ —
ContFn pf .63 11.3 4 7½ 5½ 5½ —
ContWat 1.10 6.8 288 16½ 15¾ 16¼ —
ContlMd .48 3.3 7 14½ 14½ 14½ —
ContlNC 351 11 9¾ 10¾ + ⅛
ContSy .28 2.6 1184 11 9¾ 10¾ + ⅛
CntTrn 9 13¾ 13¾ 13¾ —
CntryBc .20 2.9 110 7¼ 6½ 7 + ⅛
CntryBS .76 6.3 3 12¾ 12 12 + ⅛
Convrgt 24 5 4½ 5 + ⅛
CookCp 1609 19¾ 18½ 19½ —
Coolmel 801 18¾ 14½ 17¾ +2¼
CmrsNet 1015 26¾ 18 19¾ —
CmrcOn 1626 7¾ 7¾ 7¾ —
Cpncrn 2183 23¾ 23¾ 23¾ —
CpperE 4 ⅛ ⅛ ⅛ —
Copytl .14 1.6 4300 9¾ 8¾ 9¼ + ⅛
Corcom 165 11½ 11 11½ — ⅛
Cordis 7193 24 21¼ 23 + ⅛
CoreSt 1.92 4.9 12067 40¼ 37¾ 39½ + ⅛
CnrFn 34 34¾ 32¾ 33¾ —

Sales in 100s High Low Close Net Chge

Cornwgn 86 3⅜ 3⅜ 3⅜ —
CpCapit 14327 ⅛ ⅛ ⅛ —
CorpSft 1783 12 10¾ 11¼ — ½
CorrCo 2830 9 7 7 +1⅛
CosmCir 888 8 6¾ 7⅛ + ⅛
Costar 2683 29½ 27½ 29¼ + ⅜
Cotelco 19370 28¼ 27¼ 27¾ +1
CmSLt .28 3.7 75 7¾ 7½ 7½ — ⅛
CtryLk 11 9½ 9 9 — ⅜
Courier .48 2.9 4 15¾ 15¾ 15¾ —½
Country .60 4.8 7 12½ 12½ 12½ —
Country 7456 15¾ 14 15¾ +1
Covnet 948 ⅛ ⅛ ⅛ —
CrkBrl 13963 30¼ 27½ 28¾ —1⅝
CrftMc 216 1⅝ 1½ 1⅝ —
CrayCm 9156 13⅜ 10⅜ 12¾ + ⅜
Cremark 1731 16¾ 14¾ 15¾ + ⅛
Crestind 314 3¼ 3 3¼ —
CrstHl 1.32 6.9 4681 19⅜ 18⅝ 19⅛ + ⅛
CrstFn 456 5¾ 4¾ 5¾ —
CrMcre 3171 6 5¾ 5¾ — ⅛
CrossG 1838 4¾ 4¾ 4¾ —
CrosAm pf 298 8½ 7¾ 7¾ + ⅛
CrssTr 4036 4 3¾ 3¾ + ⅛
CrownAm 4272 15¾ 14¾ 15¾ + ⅛
CrwnBk 101 38 15¾ 15¾ + ⅛
CrwnRk 2137 9 ⅞ ⅞ + ⅛
CrYO pfA 125 ⅞ ⅞ ⅞ —
CultInFr 1315 9 8¼ 8¾ + ⅛
Cuis .11 1.2 273 10 9 9¾ + ⅛
CumbFd .48 4.3 286 11½ 11 11½ —⅛
CumNSB 1 170 10¼ 9¾ 10¼ + ⅛
Cybertk 198 12½ 11¾ 12½ + ⅛
Cygnus 15902 15¾ 12 12½ — ⅛
Cyprus 1209 3¾ 3¾ 3¾ —
Cyrix 12487 16 13¾ 14¾ —1⅛
Cytgn pf 2.50 4.6 72 59¾ 51¾ 54½ —3¼

D

D&N Fn 420 4¾ 4 4¾ + ⅛
DBA 1222 3½ 3 3 —
DEP 173 6 5¾ 5¾ — ⅛
DFP 3 2½ 2½ 2½ —
DF Sou .20e 2.0 795 10¾ 9¾ 10 — ⅛
DH Tch 6457 6¾ 4¾ 5¾ + ⅛
DIS Bnc 1.20 11.9 1120 11½ 10 10 —1
DSC 26782 9 7¾ 7¾ — ⅛
DWFn 3272 10¾ 11 11¼ + ⅛
DVI wt 481 5¾ 4½ 4¾ — ⅛
Dahlbg s .05f .5 141 11¾ 10½ 10¾ —1
DhyJour 4 14¾ 13¾ 13¾ —
DairyB 80 8¼ 7¾ 8¼ + ⅛
DairyA 516 8¼ 7¾ 8¼ + ⅛
DamonG 1061 8¾ 7¾ 8¼ + ⅛
DanCp .12 .2 7577 72 72 72 —
Data10 2057 6¾ 5¾ 6¼ — ⅛
DataMet 28 2 1⅞ 1⅞ —
DataTm 3080 5¾ 4¾ 5¼ + ⅛
DataTrn 300 5¼ 4½ 5 + ⅛
Datfix 1522 14 12½ 13 —
Datkey 750 6¾ 6¼ 6¾ —
Datmor 1 ⅛ ⅛ ⅛ —
Datsco 19444 63 50½ 62 +11
Dtsstn 312 1⅜ 1⅜ 1⅜ —
Datron 316 11¾ 10¾ 10¾ —
Dauphn 352 35¾ 35 35¾ —
Dauphn 1.48 4.2 1 35¼ 35¼ 35¼ —
Davox 342 3¾ 3½ 3¾ —
Dawson 2 ⅛ ⅛ ⅛ —
DaytaSp .20 1.6 1290 12¾ 12¼ 12¾ — ⅛
Dearbk .80a 3.4 2 23½ 23½ 23½ —⅛
Deltnic 223 1⅜ 1⅜ 1⅜ —
DeltaDE .32 1.5 230 21 20¾ 21 — ⅛
DeltaSn .80 2.3 1 35 35 35 —
DelTaco 20 3 3 3 —
DeloOil .08e .9 71 9½ 9¼ 9½ —
Deltchm .44 1.8 2894 27½ 27½ 27½ —
DeltCpt 59000 25 24¾ 24¾ —1⅛
DeltFin 223 9¼ 8¾ 9 —
Deltpnt 226 7¼ 7 7¼ —
DeltNG 1.08 8.6 2035 13¾ 12¾ 12¾ + ⅛
DeltaPt 1 9¾ 9¾ 9¾ —
DenSpy 1.56 5.4 177 29 28¾ 28¾ —1⅛
Desrn g .36 2.4 3720 16½ 14⅜ 15¼ —
Dasinc 1081 9¼ 8¾ 9 —
DetSyn 2 8 8 8 —
DetraC .40 5.9 113 11½ 9¾ 10¾ + ⅛
Devcon .20 .8 972 25¼ 23½ 24¾ —
DevBul 687 3¾ 3 3¼ —
Devon 1 ⅛ ⅛ ⅛ —
DiaGrll .80 2.1 746 38¼ 36¼ 38¼ —
Dicecn 71 3¾ 3¼ 3¼ —
DiCark 30 3¾ 3½ 3½ —
Diatrn s 4497 2¾ 2½ 2¾ —⅛
DiaMed 27334 15¾ 11 11¾ —3¼
DietSd 9086 3¾ 3¾ 3¾ —
DigtSy 2873 19¼ 17¾ 18¾ + ⅛
DimeFn .40 4.7 1 8½ 8½ 8½ —
Dionex 3758 32¾ 31¼ 31¾ —
Divrsco 346 3¾ 3¾ 3¾ —
DixieYr .20 2.5 2842 13 11¼ 11¾ —⅛
DirGnl .20 4.3 2206 5¾ 4¾ 4¾ —⅛
DocMgt .24 2.6 20 9¼ 8¼ 9¼ + ⅛
Domng .36 6.5 115 15 15 15 — ⅛
DomBk 44 3143 11½ 10 10 —
Orchtru 27 8¾ 7¾ 7¾ —
DrilCod 712 7¾ 6¾ 7¼ + ⅛
Dolmix 639 7¾ 7¼ 7¾ —
DrecsE 3451 15¼ 12¾ 15 + ⅛
Dress 7985 12¾ 10¾ 12¾ + ⅛
Drewin 1 4 4 4 —
Dreadr 899 6¾ 6¾ 6¾ —
DreyGs .17e .6 6867 29½ 26¾ 28¾ —
DrugE .10e 1.3 1753 8¼ 7¾ 7¾ —
Durkin 336 ⅛ ⅛ ⅛ —
Durmnd 666 1¾ 1¾ 1¾ —
Durtsm .52 2.2 1980 23 21¼ 23 —
Durlron .56 2.2 2020 25¾ 24¾ 25¾ —
DurFil s .28 .9 1382 32¾ 30½ 32 —
DutyFr 1 ⅛ ⅛ ⅛ —
Dynren 166 ⅞ ⅞ ⅞ —
DynRsh 118 5¼ 4¾ 5¼ + ⅛
Dynscn 442 5¼ 4¾ 5¼ + ⅛
Dynasty 1 ⅛ ⅛ ⅛ —
DytcHc 1758 21¼ 19¼ 19¼ —2

E

EA Eng 47 5¾ 5¼ 5¼ —
ECC Gp 1.57e 7.2 165 21¾ 20¾ 21¾ + ⅛
ECI s 6417 31½ 28¾ 29¾ + ⅛
EIP 220 2 1¾ 1¾ —
ELXSI 1 ⅛ ⅛ ⅛ —
EMC In .52 .5 684 9¾ 8½ 9¼ + ⅛
EMCN 7727 13¾ 11 11¾ —1⅛
EMPI 1245 15¾ 13¾ 14¾ —
ESB Bcp .80a 7.0 20 11½ 11½ 11½ —
ESELCO 1.44b 6.0 24 24 24 24 —
ESSEF 926 4¾ 3¾ 4¼ + ⅛
EToWn s 2.00 8.0 25 25 25 25 —
EZEM .15e 1.9 33 8½ 8 8 —
EaSiBnc .44a 2.7 44 17½ 16½ 16½ +½
EaSiBsh 1 6¾ 6¾ 6¾ —
EaSiRG 1200 19¾ 18¾ 19¾ —
EastBNT 352 4¾ 4¾ 4¾ —
Eassel 3489 22 20¾ 21¾ —
EastFn 7751 14½ 13½ 14½ + ⅛
Eastco 835 ⅞ ⅞ ⅞ —
EstmBc .56 7.7 13 8 7¼ 7¼ —
EstmEn 1450 4¾ 4¾ 4¾ —
EastlFn 433 2 1¾ 1¾ + ⅛
EstVan .56 2.5 1450 23 22¾ 22¾ —
Eaton 1.80e 3.2 1705 57¼ 55¾ 56¼ —1¼
Ebrhrd .80 2.9 9911 28 27¾ 27¾ —
Echlin 1.80e 4.2 1 43 43 43 —
Echo 1 ⅛ ⅛ ⅛ —
Eclipse 1 ⅛ ⅛ ⅛ —
Ecolab .76 5.2 3041 14¾ 13¾ 14¾ + ⅛
Edmedy 2466 ⅛ ⅛ ⅛ —
Edwards 7537 24 23½ 23¾ + ⅛
Elamex 2783 2¼ 2 2 —
Elcom 4054 44 39¾ 43¾ + ⅛
Elcor 162 9 8¾ 8¾ — ⅛
Elder 40 16 15¾ 15¾ — ⅛
Elecsys 1308 15½ 12 14¼ + ⅛
Elgar 1 ⅛ ⅛ ⅛ —
Elmer 1 ⅛ ⅛ ⅛ —
Elmtrx 1 ⅛ ⅛ ⅛ —
Elntrn 1 ⅛ ⅛ ⅛ —
Elsinr 1 ⅛ ⅛ ⅛ —
Elxsi 1 ⅛ ⅛ ⅛ —
Emcee 1 ⅛ ⅛ ⅛ —
Emcor 1 ⅛ ⅛ ⅛ —
Emerg 1 ⅛ ⅛ ⅛ —
Emrsn 1 ⅛ ⅛ ⅛ —
Emrsn wt 1 ⅛ ⅛ ⅛ —
Emrsn pf 1 ⅛ ⅛ ⅛ —
Emrsn pf 1 ⅛ ⅛ ⅛ —
Emrsn pf 1 ⅛ ⅛ ⅛ —
Emrsn pf 1 ⅛ ⅛ ⅛ —
Emrsn pf 1 ⅛ ⅛ ⅛ —
Emrsn pf 1 ⅛ ⅛ ⅛ —
Emrsn pf 1 ⅛ ⅛ ⅛ —
Emrsn pf 1 ⅛ ⅛ ⅛ —
Emrsn pf

BUSINESS BRIEFS

Price Risk Seen in German Pay Pact

FRANKFURT (Reuters) — The powerful engineering union IG Metall on Sunday agreed to a 6.7 percent pay raise for 700,000 metal workers in southern Germany, and described the accord as a benchmark for more than three million other members in Western Germany.

Employers said the raise for workers in the northern part of Baden-Württemberg state exceeded their goals, and they warned that job losses and price increases could result. More than 200,000 West German workers staged wildcat walkouts last Tuesday to support their claim for a 10 percent raise after they rejected a management offer of 4 percent.

German economists tended to support the employers' view that the 6.7 percent engineers' settlement was too high when compared with current inflation of under 3 percent and a forecast rise in productivity of around 2 percent in 1991. The raise "is well beyond the level which would melt into the economic landscape without any risk to price stability," said Peter Pietsch, economist at Commerzbank. "It means the Bundesbank is going to stick to its tight monetary policy."

VW and Hyundai Weigh Thai Sales

BANGKOK (AFP) — Volkswagen AG and Hyundai Motor Corp. are to be the first automakers to take advantage of the lifting of a 10-year-old ban on the sale of imported cars in Thailand, reports said Saturday.

An official of Commercial Motor Works Co., the assembler and sales agent for Volkswagen's Transporter microbus, said his company was preparing to reintroduce the VW Golf and the Audi 80 sedan.

Motor Mart, a car publication, said Hyundai was selecting its local sales agent and would be introducing its Pony two-door and four-door compacts here. The government last month lifted the ban on imports of cars with engine capacities below 2,600 cc. Under the ban, only locally assembled cars from foreign makers could be sold in Thailand.

Michelin Son Is to Succeed Father

NEW YORK (NYT) — Groupe Michelin, the world's largest tire producer, said Friday that Edouard Michelin would be the eventual successor to his father, François Michelin, as the company chairman.

The French company said in a letter to stockholders that that the younger Michelin would become an associate director and would manage the U.S. and Canadian operations of Michelin Tire Corp., effective this summer. The Michelin family controls the company.

Edouard Michelin, 28, is the youngest of four sons of François Michelin, who is 64. Information provided by the company indicated he had little experience as a manager in the tire business, although he has worked in various departments in the company's factories.

U.S. Official's Dealings Questioned

WASHINGTON (WP) — The Comptroller of the Currency, Robert L. Clarke, has reported in his financial disclosure forms that he made large loans to a subordinate, although Treasury regulations explicitly prohibit employees from lending each other substantial sums of money.

Ford Barrett, an attorney in the comptroller's office who initially reviewed and signed some of Mr. Clarke's disclosure forms, said that while Mr. Clarke's records show that he lent money to Dana Cook, who was then his executive assistant, the two were actually business partners. Mr. Barrett said Mr. Clarke gave Mr. Cook money to use for joint investments in property tax certificates in Colorado and repayment was never expected. Mr. Clarke's records show that in 1987 and 1988, he made loans totaling between $100,000 and $250,000 to Mr. Cook.

The tax certificates, bought from local governments in Colorado, give the purchaser rights to claim property seized because of failure to pay property taxes or to share in the penalties incurred.

Peru Reportedly Suspends Payments

LIMA (Reuters) — Peru has suspended monthly payments to international funding agencies since March in order to press for the formation of a support group of creditor countries that will provide the country with bridge loans, official sources have said.

"They have not paid March or April and they will probably withhold May payments until the support group is formed," a source close to Peru's Reserve Bank said Friday. Peru has been trying for months to achieve formation of the group, which it hopes will provide about $1.3 billion to help it cover $2.2 billion in arrears and bridge its fiscal deficit.

Peru had resumed payments to the World Bank, the IMF and Inter-American Development Bank in its strategy to return to the international financial community.

Seoul Expands Its Dollar-Won Trade

SEOUL (Reuters) — South Korea will expand interbank transactions involving the won and dollar to 13 types from the existing sole overnight dealing starting Monday, officials said.

An official at the Korea Financial Telecommunications and Clearings Institute, the country's clearing house, said 87 banks handling foreign currency exchange dealing would be able to participate in the new forward market with maturities ranging from one day to one year.

GERMANS: *New Hope in East*

(Continued from page 1)

East's recovery might be jeopardized by a relatively high level of wages, particularly compared with other Eastern European countries *that are struggling to develop market economies.*

Last week, Volkswagen AG warned that rising wages and the poor state of the region's roads and other infrastructure were casting doubt on the profitability of its 4.6 billion DM investment in Eastern Germany.

"One of the biggest surprises in Eastern Europe has been how quickly Poland has been able to develop markets in the West, but Polish unit labor costs are competitive," said Warren Oliver of UBS/Phillips & Drew in London.

Economists also stressed that the expected recovery would start from a very depressed level.

The economy is most likely to bottom out this year at a level that will leave its industrial production roughly 60 percent below the level in the former East Germany before the opening of the Berlin Wall.

Starting from such a low trough, the economy will require impressive growth rates over a series of years just to recreate the 9.5 million jobs that existed in East Germany before reunification.

[The Berlin-based IAW economic research institute said Sunday that industrial production in Eastern Germany was most likely to fall by 40 percent this year, Reuters reported from Berlin. Such a decline would push the region's jobless total to about 3.5 million by the end of the year, the institute said.

["It looks certain that unemployment will continue to rise in 1992," the institute said. But, it added, "a positive reversal of this trend can be expected in the second half of 1992."]

The economy in Eastern Germany is generally expected to show a decline of 15 percent for 1991 as a whole, even with an upturn beginning late this year. Such a performance would roughly repeat the drop in output posted last year.

Nevertheless, various institutes believe the economy could swing to growth of about 10 percent in 1992.

In another indication of the more optimistic view, some Western industrialists have begun to give more credit to industrialists in Eastern Germany who often labored under overwhelming disadvantages.

Carl Heinrich Kranch, president of the Chemical Industry Association, recently said that "unconsidered horror scenarios" were wrong and did not give enough credit to companies that long knew what had to be done to be profitable but were constrained by socialist central planning.

"Former East Germany distinguished itself with a great ability to improvise," said Herbert Henzler, chief of the German unit of McKinsey & Co.

Valdez Spill May Go to Trial

Reuters

JUNEAU, Alaska — Exxon Corp. has withdrawn from a proposed $1 billion settlement for damage caused by the Valdez oil spill after Alaska's House of Representatives voted the deal down.

The collapse of the proposal raises the prospect that the oil company will go to trial on federal pollution charges.

Exxon said Friday that it had exercised its right to terminate the March 1991 agreement. The Alaska state government also withdrew from the proposed civil settlement after the legislature on Thursday rejected it by a 2-1 margin.

Soviets May Start Airline Using 747s

Compiled by Our Staff From Dispatches

MOSCOW — The Soviet Union is considering setting up a new airline for long-distance flights, equipped with a fleet of Boeing 747s, the Communist Party daily Pravda reported on Saturday.

The newspaper quoted a former deputy civil aviation minister, Yuri Mamsurov, as saying the government was studying proposals to set up a company known as Extra Long-Distance Airlines to compete with the state airline Aeroflot.

Mr. Mamsurov, working on the project at the Civil Aviation Ministry, said the company, known by its Soviet acronym ASDA, might be a U.S.-Soviet joint venture.

Mr. Mamsurov did not specify if the airline would be private, although he said it could be set up "without calling on state funds."

Various proposals for acquiring 747s and 767s were studied last year with Boeing Corp., U.S. and Japanese banks, leasing firms and airline companies, he said.

Mr. Mamsurov said there was "a good chance that we can rent some of the aircraft and buy others with credits from foreign banks that would be paid back out of the profits." One of the main initial problems, however, was obtaining the company's start-up capital.

He did not say how many aircraft might be involved in the project. He estimated ASDA could make an annual profit of more than $30 million by buying one Boeing 747 on credit and $60 million if it leased the aircraft.

"We want to use such equipment for long-haul flights not only on overseas routes but inside our own country," he said.

Aeroflot carried about 140 million passengers in 1990 on thousands of routes, but it is still unable to meet demand and its aircraft are not fuel-efficient.

(Reuters, AFP)

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

The Amsterdam exchange advanced last week, helped by reassuring first-quarter results from Philips.

Philips shares gained nearly 5 percent, acting as a locomotive for the rest of the market.

Chemicals group DSM was the only dark spot. The company reported a larger-than-expected 26 percent fall in net profit for the first quarter to 178 million guilders. This brought down chemical shares at the end of the week.

As Dutch interest rates stabilized and the dollar regained strength, Dutch shares reached a new high for 1991.

The Amsterdam index closed Friday at 203.3, slightly below the week's high but up from 199.6 the week before.

Volume reached 6.1 billion guilders, of which 2.6 billion was equities, down from 7.8 billion guilders, of which 4.1 billion was equities, the previous week.

Frankfurt

The Commerzbank index rose to a 1991 high of 1,959.10 last week, up 18.70 points on the previous week. The DAX indicator also rose, going through the 1,600-point barrier and closing the week at 1,631.84, up 8.03 points.

The cut in U.S. interest rates and the upward trend on Wall Street were positive factors, although daily trading was average, remaining below 7 billion Deutsche marks.

Total trading on Germany's eight markets over the four days split by the May 1 holiday was 22.80 billion DM, compared with 34.46 billion the previous week.

Department stores were particularly strong, notably Karstadt, which rose 24 DM to 660.

Hong Kong

The Hong Kong stock market was buoyed last week by hopes of a local interest-rate cut and reports of possible progress over the territory's controversial airport project.

The Hang Seng Index rose 3.1 percent, or 112.08 points, to finish the week at 3,737.88.

Average daily turnover expanded to 1.48 billion Hong Kong dollars, against the previous week's 1.3 billion dollars.

Trading opened dull on Monday and the index lost 36 points Tuesday. But sentiment improved dramatically Wednesday after U.S. interest rates were cut. This continued Thursday when the market jumped nearly 95 points.

Brokers said performance this week will hinge on developments on the airport issue and on whether expectations of a Hong Kong interest rate decrease are met.

London

Shares gained as hopes that Britain would copy the U.S. interest rate cut pushed recessionary worries and fears for the ruling Conservative Party into the background.

The Financial Times-Stock Exchange 100 index rose 51.4 points last week to finish at 2,522.7. The FT-30 index gained 35.6 points, to 1,973.9.

The market's response to the poor Conservative showing in local elections was muted on Friday because gains by the opposition Labor Party were not sufficient, if repeated at a general election, to guarantee victory.

Pharmaceutical stocks were heavily traded. Wellcome reported better-than-expected interim results and gained about 10 percent. Smithkline Beecham threatened legal action against Glaxo Holdings in a drug patents dispute, but both stocks gained despite the dispute.

Oil stocks were firmer in the wake of an major oil discovery in the Gulf of Mexico by British Petroleum and Shell.

Milan

The Milan bourse made up ground lost in previous weeks without undergoing a real boom because so many dealers were on holiday.

The MIB index rose 0.53 percent on the week, to 1,142 points. Milan dealers attributed the rise to hopes of an interest rate cut in Italy.

The market also was cheered by the end of the battle for control of the Mondadori publishing giant between entrepreneurs Silvio Berlusconi and Carlo De Benedetti. Mondadori shares jumped 47.83 percent.

Worries persist though over plans being prepared by the government to rein in the giant budget deficit.

Paris

The Paris Bourse begins this week in an optimistic mood amid hopes of interest rate cut. Those hopes boosted the CAC-40 share index 3.5 percent last week, to 1,833.20 points.

But volume was low because of the May 1 holiday.

The CAC-40 has recovered well since falling below the 1,800 barrier two weeks ago. It made gains in every day of trading last week.

Traders said they hope the Bank of France will announce an interest rate cut of at least 0.25 percentage point this week.

Singapore

Shares closed broadly lower last week amid profit-taking that followed two previous weeks of gains.

The Straits Times industrial index tumbled 12.46 points to close the week at 1,545.95 while the Stock Exchange of Singapore all-share index lost 5.65 points, to 468.78.

Trading volume tumbled 40.4 percent from the previous week to 245.1 million shares valued at 530.23 million Singapore dollars.

Brokers said property and shipyard stocks were the highlight in lackluster trading.

Tokyo

Tokyo shares posted a sizable gain as investors were encouraged by the U.S. interest rate cut.

The Nikkei Stock Average closed out the week at 26,477.86 on Thursday, up 354.18, or 1.35 percent. The market was closed Friday for a holiday.

The Tokyo Stock Price Index of all stocks listed on the market's first section shot up 43.53 points to 2,001.49. It fell 40.11 points the week before. It was the first time since April 12 that the index topped 2,000 points.

Trading in the holiday period was extremely thin. Average daily volume fell to 324.6 million shares from the previous week's 367 million.

The value of stocks traded averaged 416.8 billion yen a day, down from 441.5 billion yen.

Some traders anticipated a firm market this week as hopes of interest rate cuts by the Bank of Japan increase.

Zurich

The Zurich stock market fell in thin trading, with foreign investors staying on the sidelines.

The Swiss performance index fell to 1,076.5 points from 1,082.4. The Crédit Suisse and Swiss Bank indicators were almost unchanged at 551.9 and 616.1, respectively.

Crédit Suisse Holding reported large losses but its share still rose 50 Swiss francs to 2,120.

Euromarts At a Glance

Eurobond Yields

	April 30	April 24
U.S. $, 8 yrs & over	8.86	8.89
U.S. $, 5 to 7 yrs	8.46	8.55
U.S. $, less than 5 yrs	7.95	7.96
Pounds sterling, less than 5 yrs	11.77	11.71
French francs, less than 5 yrs	9.49	9.38
Ital. lire, less than 5 yrs	12.24	12.11
Danish kroner, less than 5 yrs	9.79	9.76
ECU, 8 yrs & over	9.85	9.84
ECU, 5 to 7 yrs	9.05	9.04
Can. $, less than 5 yrs	10.35	10.45
Aus. $, less than 5 yrs	12.28	12.32
N.Z. $, less than 5 yrs	12.12	12.31
Yen, 5 to 7 yrs	7.89	7.84
Yen, less than 5 yrs	7.37	7.39

Source: Luxembourg Stock Exchange.

Weekly Sales May 2

Primary Market

	Cedel $	Cedel NonS	Euroclear $	Euroclear NonS
Straights	194.40	1,468.90	417.70	1,145.30
Convert.	29.60	284.70	219.40	—
FRNs	69.00	8.90	14.00	—
ECP	4,592.80	2,277.20	10,484.50	3,613.40
Total	4,885.80	4,039.70	11,327.40	4,758.90

Secondary Market

	Cedel $	Cedel NonS	Euroclear $	Euroclear NonS
Straights	6,483.70	19,487.80	14,549.40	19,481.80
Convert.	344.20	1,147.70	907.20	456.20
FRNs	2,796.90	1,475.10	3,918.80	3,543.90
ECP	4,979.40	3,713.50	3,852.80	3,222.40
Total	14,504.20	26,824.10	25,227.40	26,834.50

Source: Euroclear, Cedel.

Libor Rates May 3

	1-month	3-month	6-month
U.S. $	5 15/16	6 1/16	6 3/16
Deutsche mark	9	9⅛	9¼
Pound sterling	11 15/16	11⅝	11¼
French franc	9⅛	9 3/16	9¼
ECU	9 9/16	9½	9½
Yen	8 1/16	7⅞	7 11/16

Sources: Lloyds Bank, Reuters.

U.S. Consumer Rates

May 3

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.21 %
Money Market Funds	
Donoghue's 7-Day Average	5.74 %
Bank Money Market Accounts	
Bank Rate Monitor Index	5.30 %
Home Mortgage, FHLB average	9.47 %

Source: New York Times Service, UPI.

U.S. Treasury Bonds

May 3

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
30.04.93	100 12/32	100 14/32	6.79	6.88
15.02.94	99 14/32	99 16/32	7.10	7.16
30.04.96	99 28/32	99 30/32	7.66	7.69
15.04.98	99 24/32	99 28/32	7.91	7.93
15.02.01	98 1/32	98 2/32	8.05	8.06
15.02.06	109 20/32	109 24/32	8.23	8.23
15.08.20	96 2/32	96 4/32	8.23	8.22

Source: Salomon Inc.

WALL STREET REVIEW

Figures as of close of trading Friday, May 3.

NYSE Most Actives

Vol.		High	Low	Last	Chge.
Duracl n	240725	21¼	20	21¼	
PepsiC s	138096	33¼	29½	31¼	— ½
RJR Nb n	131247	11⅛	11	11⅛	— ½
IBM	118325	107⅞	102	103⅝	—3¼
NHltLab	91525	18⅛	17⅝	18	
Compaq s	88379	52⅝	47⅜	50⅝	— ½
GnMotr	86838	38⅝	33⅞	38	+1⅞
PhilMr	84541	69¼	66⅛	69⅛	+1½
Boeing s	81544	49⅝	45⅜	46⅝	+ ½
FedNM	80004	48⅝	42⅝	47¼	+1⅝
BlockE s	69386	11⅞	10⅛	10½	—1⅛
AmExp	68718	27	25	25⅞	— ½
WalMt s	67080	42	40¼	41⅜	
Saatchi	65336	1⅛	1	1	— ⅛
viLTV	58741	1⅝	1	1⅛	— ½
AT&T	57547	38	37	37⅝	— ⅛
Exxon	57395	60¼	58⅞	59¼	— ½
McDonl	55833	34½	33¼	33½	— ⅞
GenEl	55483	73¼	69⅞	72¾	+ ⅜
duPont	55081	43	40½	42⅛	+2
HewlPk	52723	53⅞	46⅛	46¼	—7
FordM	50821	35⅝	31½	34¼	+1⅝
Citicorp	50786	16⅛	15⅛	15⅞	+ ⅛
CocaCl	49181	55⅛	51⅞	55⅛	+2⅛
Chase	48529	19⅝	18¼	18¼	— ⅜

AMEX Most Actives

Vol.		High	Low	Last	Chge.
Amdhl	22930	16¼	14⅝	15	—1
BergBr	22771	27¼	25⅝	26⅝	+ ⅞
DowC rt	19653	7⅛	6⅛	7⅛	+1
PoliCp s	15154	33¼	29⅝	30¾	—2
Hilhav	14657	2⅝	2⅜	2⅜	— ⅛
BAT In	13459	12⅛	11½	11⅝	
Fruitl.	12320	15	13⅜	15	+1⅜
US Bio	11669	30⅛	27⅝	30⅛	+2⅛
ENSCO	11391	2⅝	2½	2½	
Alza	10283	63½	58⅛	61	—2½
EchoBy	9772	8⅜	7⅝	8⅛	
viCntAr	9538	2½	2	2½	+ ⅜
A-dd sc s	9486	8⅝	7⅝	8⅝	+1
US Bknt	9325	5½	4⅝	4⅞	+ ¼
WangB	9277	3⅝	3⅛	3⅝	— ⅛
FounH n	8683	32⅞	28⅛	32⅛	+1⅞
Hasbro	8520	28½	26⅞	27⅞	— ⅝
MedcR	8097	18	14⅝	17¼	+1½
ForstL s	7994	36⅛	35⅛	35⅝	+ ⅛
Diasonc	7843	4⅝	3⅞	4⅛	— ⅛
A-aff2 sc	7785	9⅝	8⅞	9⅛	— ⅝
IGI	7160	12⅝	9⅞	12½	+ ¼
A-ge sc	6944	11⅛	9½	10⅜	+ ½
FAusPr	6512	10⅛	9⅞	9⅞	+ ⅛
ICH	6174	5⅛	4½	5	

NYSE Sales

	Sales Vol.
Total for week	881,840,000
Week ago	819,840,000
Year ago	122,750,000
Two years ago	138,050,000
Jan 1 to date	16,267,220,000
1990 to date	13,422,040,000
1989 to date	14,305,340,000

AMEX Sales

	Sales Vol.
Total for week	61,410,000
Week ago	53,430,000
Year ago	9,220,000
Jan 1 to date	1,175,740,000
1990 to date	1,340,780,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1164	722
Declined	799	1213
Unchanged	285	312
Total issues	2248	2247
New Highs	240	208
New Lows	27	22

AMEX Diaries

	This Wk	Last Wk
Advanced	380	317
Declined	416	494
Unchanged	190	165
Total issues	986	976
New Highs	69	46
New Lows	11	8

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, May 3.

(Continued)

Stock	Div.	Yld.	Sales in 100s	High	Low	Close	Net Ch'ge
VeloBd	[illegible]						
Vencor	[illegible]						
Ventrex	[illegible]						
VenCty	[illegible]						
Venturn	[illegible]						
Verifne	[illegible]						
VtFin	[illegible]						
Versa	[illegible]						
Vestor	[illegible]						
VestaC	[illegible]						
Vicor	[illegible]						
Vicorp	[illegible]						
VictBn	[illegible]						
VictCr	[illegible]						
Videcrt	[illegible]						
Vidmrk	[illegible]						
VieldeFr	[illegible]						
ViejoBc	[illegible]						
Viking	[illegible]						
VillFinl	[illegible]						
VillSpM	[illegible]						
Virotek	[illegible]						
VaBch	[illegible]						
VitolSon	[illegible]						
VitoInk	[illegible]						
Vivigen	[illegible]						
Voltini	[illegible]						
Volvo	[illegible]						
W							
WD 40	[illegible]						
WLR Fd	[illegible]						
WPP Gp	[illegible]						
WSMP	[illegible]						
VIWTD	[illegible]						
WalnBk	[illegible]						
Walbro	[illegible]						
WallCp	[illegible]						
WlfhseC	[illegible]						
Warntc s	[illegible]						
Warren	[illegible]						
WshBcp	[illegible]						
WashEn	[illegible]						
WFSL	[illegible]						
WshFOr	[illegible]						
WMSB	[illegible]						
WMSB pf	[illegible]						
WshSci	[illegible]						
WatkJW	[illegible]						
Watrhse	[illegible]						
Watrln	[illegible]						
Wattsind	[illegible]						
WausP s	[illegible]						
Waver	[illegible]						
Wavetk	[illegible]						
WestFn	[illegible]						
Wespcr	[illegible]						
WeigTr	[illegible]						
Weltek	[illegible]						
Wellgtn	[illegible]						
Werner	[illegible]						
Wesbnc	[illegible]						
WstCst	[illegible]						
WMass	[illegible]						
WNewln	[illegible]						
WstOne	[illegible]						
Wstcot	[illegible]						
WtBank	[illegible]						
WstCap	[illegible]						
WnFncl	[illegible]						
WMicTc	[illegible]						
WstnPb	[illegible]						
Wstmrk	[illegible]						
WmorC	[illegible]						
Weston	[illegible]						
WstwOn	[illegible]						
WetSeal	[illegible]						
Wettra	[illegible]						
WehrPr	[illegible]						
Wevco s	[illegible]						
Whearf	[illegible]						
Wicat	[illegible]						
Wiland	[illegible]						
WilyJ A	[illegible]						
Williamt	[illegible]						
Willmt	[illegible]						
WillW	[illegible]						
WmSon s	[illegible]						
WilmTr	[illegible]						
WiserO	[illegible]						
WolfFn	[illegible]						
Wolohn	[illegible]						
WlvExp	[illegible]						
Wolv wt	[illegible]						
WlvEx pf	[illegible]						
Woodhd	[illegible]						
Worldsf	[illegible]						
WrkCap	[illegible]						
Wkmen	[illegible]						
WorkBc	[illegible]						
Worthg	[illegible]						
Wyman	[illegible]						
X							
XL Dta	[illegible]						
XOMA	[illegible]						
Xetite	[illegible]						
Xicor	[illegible]						
Xilinx	[illegible]						
Xplor	[illegible]						
Xylogic	[illegible]						
Xyplex	[illegible]						
Y							
YelowF	[illegible]						
YesClth	[illegible]						
YorkFn	[illegible]						
YorkRs	[illegible]						
Z							
Z Sevn	[illegible]						
Zeos s	[illegible]						
Zeus	[illegible]						
Ziegler	[illegible]						
Zilog	[illegible]						
ZionBc	[illegible]						
Zitel	[illegible]						
Zycad	[illegible]						

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, May 3.

Option & price	Calls			Puts		
	May	Jun	Jul	May	Jun	Jul
[illegible]						

Option & price	Calls			Puts		
[illegible]						

Total volume 314,483

Open interest 4,658,486

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, May 3.

Option & price	Calls			Puts		
	May	Jun	Jul	May	Jun	Jul
[illegible]						

Total volume 114,495

Open interest 2,383,715

Continued on next page

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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MONDAY SPORTS

For Strike the Gold, One Good Turn Leads to a Kentucky Derby Victory

By Andrew Beyer
Washington Post Service

LOUISVILLE, Kentucky — It may not have been a classic field for the 117th Kentucky Derby, but Strike the Gold won America's greatest horse race in classic fashion: with a bold, sweeping rally on the turn that devastated his rivals at Churchill Downs.

Jockey Chris Antley had put the colt in perfect striking position for the first half of Saturday's race and, when he was ready to launch his move, he swung Strike the Gold to the outside of the field. His acceleration made the rest of the horses look as if they were on a treadmill.

The son of Alydar scored a 1¾-length victory over Best Pal, with Mane Minister another 1¾ lengths back and a head in front of fellow long shot Green Alligator.

The slow time, 2 minutes .03 seconds for 1¼ miles (2 kilometers), confirmed the widespread opinion that this was an undistinguished group of horses. The outcome shattered the lofty reputations of 5-2 favorite Hansel, who finished 10th, and last year's 2-year-old champion, Fly So Free, who came in fifth.

Strike the Gold's victory was only his third in eight starts.

Strike the Gold was abetted by an unexpectedly fast early pace which took a toll on the front-runners and was largely the doing of Andrea Seefeldt, the third female jockey to ride in the Derby, on sprinter Forty Something. The tailless speedster, Sea Cadet, went to the front as expected, and jockey Chris McCarron was hoping to slow the pace. The riders of the horses in the second flight, notably on Fly So Free and Hansel, also hoped to cruise early. But Seefeldt drove Forty Something alongside Sea Cadet before her mount faded to his inevitable last-place finish.

Along the backstretch, all the contenders were in position. Fly So Free was benefiting from an easy trip along the rail. Hansel had moved up three-wide, poised to go past the leaders. Best Pal was saving ground behind the first flight.

Antley, who has recovered from drug problems, had Strike the Gold in the clear most of the way. When the horse briefly found himself in a traffic jam, he outkicked Quintana to get through a hole. That was enough.

His pink silks were a blur as he went around the field.

■ Mystiko in 2,000 Guineas

Mystiko stayed on the rail to hold off Lycius in a photo finish at the 2,000 Guineas, the second classic thoroughbred race of the English season, The Associated Press reported from Newmarket, England.

The 3-year-old colt, who went off at odds of 13-2, ran the 1-mile race in 1:37.83 on a windy Saturday.

Marju, the 6-4 favorite, finished far back. Jockey Willie Carson said Marju became lame during the race.

No Smooth Sailing as Italy Opens First, 2d in Worlds

United Press International

SAN DIEGO — Italy captured first and second place in the opening race of the America's Cup Class World Championships while a stiff wind took its toll on the rest of the fleet.

Paul Cayard sailed Il Moro di Venezia III across the finish line nearly two minutes ahead of *Il Moro di Venezia I*, skippered by John Kolius, covering the 21.2-mile (34-kilometer) course in 2 hours, 18 minutes 58 seconds on Saturday. New Zealand was third.

Five fleet races will precede next weekend's finale.

It had been predicted that the IACC boats would be fast but also fragile. Both forecasts came true as San Diego's normally balmy breezes turned into a stiff northerly wind that blew between 15 and 18 knots (28 and 33 kilometers per hour).

Spain's boat withdrew with steering-gear problems. Jayhawk, the new yacht from the America 3 syndicate, retired with a broken boom vang, a hydraulic sail-shaping gadget that handles stress from the mast.

The most serious loss was a broken mast suffered by Nippon, the Japanese boat. Skipper Chris Dickson *had rallied after a spinnaker* halyard snapped early, dropping the massive sail into the ocean.

The 110-foot (33.53-meter) mast is key to the teams because they cost about $500,000 and support the huge amounts of sail.

● Germany sailed to victory Saturday on the final day of Nations Cup yacht match racing in Gargnano, Italy, and advanced with runner-up Britain to the finals in Spain in September. *(AP)*

Oilers Rout North Stars With Klima's Hat Trick

The Associated Press

EDMONTON, Alberta — The Minnesota North Stars were brought to earth, and quickly, in the National Hockey League playoffs.

Petr Klima scored three times in a 5:13 span of the first period, the fastest playoff hat trick in team history, as the defending champion Edmonton Oilers routed the North Stars, 7-2, Saturday night for a 1-1 tie in the Norris Division final of the Stanley Cup semifinals.

The Oilers scored four straight goals after Minnesota went ahead on Dave Gagner's power-play goal 1:55 into the game.

Klima personally made it 3-1 and broke the record of three goals in *10:41* set by Wayne Gretzky against Calgary on April 17, 1983.

The first goal, at 6:14, came when Klima got to a loose puck near the goal line and beat goalie Jon Casey from a bad angle.

Edmonton went ahead for good on Klima's power-play goal 2:09 later. He took Joe Murphy's long break-in pass, shook off Shawn Chambers's stick check and scored over Casey's glove.

He completed his hat trick at 11:27 on nice passes from Ken Linseman and Esa Tikkanen.

Casey began the game as the playoff leader in goals-against average (2.52) and save percentage (.911) but stopped only seven of 11 shots.

Bruins 5, Penguins 4: Vladimir Ruzicka, who had four assists, scored on a rebound at 8:14 of overtime in Boston to give his team a 2-0 lead over Pittsburgh in the Wales Conference final Friday night.

Dave Christian's backhanded 25-foot (7.6-meter) shot from the left of the slot was stopped by goalie Tom Barrasso, but Ruzicka got the rebound 10 feet to the right and put a forehand by the fallen goalie.

Boston nearly scored while shorthanded 1:17 into overtime. Dave Poulin's shot from the left point was tipped by teammate [illegible] Lazaro in the slot but hit the [illegible]

And during a Boston power[illegible] Barrasso broke his stick but [illegible] Francis filled the crease to [illegible] Ruzicka's shot at 3:21 of over[illegible]

Sundin Goal Gi[illegible] Swedes World Ti[illegible]

The Associated Press

TURKU, Finland — Mats Sundin, a rookie for the NHL's Q[illegible] Nordiques, scored at 9:37 [illegible] third period of the World Ho[illegible] Championships' last game to [illegible] Sweden a 2-1 victory over the S[illegible] et Union and snatch the gold [illegible] away from Canada.

The Canadians had beaten [illegible] USA, 9-4, earlier Saturday, [illegible] two goals in the final 15 seco[illegible]

Sweden finished unbeaten [illegible] five points in the medal [illegible] Canada was second with four, [illegible] the Soviets third with three. T[illegible] USA was winless.

Sundin, with seven goals and [illegible] assists, won the scoring title [illegible] points.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Boston	13	8	.619	—
Milwaukee	13	10	.565	1
Toronto	14	11	.560	1
Detroit	12	10	.545	1½
Cleveland	9	11	.450	3½
Baltimore	8	13	.381	5
New York	7	13	.350	5½

West Division

	W	L	Pct.	GB
Oakland	15	8	.652	—
Chicago	11	9	.550	2½
Texas	10	9	.526	3
California	11	12	.478	4
Minnesota	11	13	.458	4½
Seattle	11	13	.458	4½
Kansas City	9	14	.391	6

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Pittsburgh	15	8	.652	—
New York	14	9	.609	1
St. Louis	14	10	.583	1½
Chicago	11	13	.458	4½
Philadelphia	11	13	.458	4½
Montreal	9	14	.391	6

West Division

	W	L	Pct.	GB
Cincinnati	12	10	.545	—
San Diego	13	11	.542	—
Atlanta	11	10	.524	½
Los Angeles	11	12	.478	1½
Houston	9	13	.409	3
San Francisco	8	15	.348	4½

Friday's Line Scores

AMERICAN LEAGUE

Toronto 000 100 301—5 11 0
Kansas City 000 000 010—1 9 2
Wells, Timlin (9) and Myers, Borders (9); S. Davis, Schatzeder (7), Magnante (9) and Macfarlane. W—Wells, 2-3. L—S. Davis, 2-2.

Minnesota 030 000 000—3 10 0
Milwaukee 102 010 02x—6 9 1
Morris, Aguilera (8) and Harper; Navarro, Nunez (9) and Surhoff. W—Navarro, 2-0. L—Aguilera, 0-2. Sv—Nunez (3). HR—Minnesota, Harper (3).

Boston 022 100 002—7 12 0
Chicago 200 000 000—2 5 1
Clemens and Pena; McDowell, Patterson (7) and Fisk, Merullo (7). W—Clemens, 5-0. L—McDowell, 4-2. HR—Boston, Brunansky (4).

Texas 015 000 000 00—6 16 0
Detroit 000 200 002 01—7 9 1
(11 innings)
Chiamparino, Alexander (4), Gossage (7), Russell (10), Arnsberg (11), Jeffcoat (11) and Stanley; Tanana, Leiter (3), Gleaton (8), Henneman (10) and Tettleton. W—Henneman, 3-0. L—Arnsberg, 0-1. HRs—Texas, Palmeiro (3), Stanley (1). Detroit, Deer (6).

New York 023 000 000—5 6 0
Seattle 000 000 003—3 0 0
Sanderson and Nokes; Holman, Krueger (8), M. Jackson (9) and Valle. W—Sanderson, 2-1. L—Holman, 2-3. HR—New York, Meulens (1).

Baltimore 007 001 000—2 10 0
California 000 000 000—5 0 0
McDonald, Williamson (7), Flanagan (8), Olson (9) and Whitt; McCaskill, Bailes (7), Eichhorn (7), McClure (9), J.D. Robinson (9) and Parrish. W—McDonald, 1-1. L—McCaskill, 2-3. Sv—Olson (4). HRs—Baltimore, Devereaux (3), Horn (4).

Cleveland 000 001 001 01—3 10 1
Oakland 001 000 100 02—4 7 0
(11 innings)
Nagy, Olin (10), D. Jones (11) and S. Alomar; Stewart, Chitren (8), Eckersley (9), Klink (11) and Steinbach. W—Klink, 1-1. L—Olin, 2-2. HR—Cleveland, Alfred (1).

NATIONAL LEAGUE

Houston 000 000 000—0 4 0
Pittsburgh 001 000 00x—1 2 0
Harnisch and Biggio; Z. Smith and LaValliere. W—Z. Smith, 3-1. L—Harnisch, 1-1. HR—Pittsburgh, Merced (1).

San Diego 010 000 000—1 4 3
Montreal 000 102 01x—4 8 0
Benes, Maddux (8), Rosenberg (8) and Santiago; Boyd, Frey (8), Burke (9) and Hassey, Reyes (8). W—Boyd, 1-2. L—Benes, 0-3. HR—San Diego, McGriff (4).

Chicago 010 100 000—2 4 2
Atlanta 200 002 10x—5 8 0
Boskie, McElroy (6), Lancaster (8) and Villanueva; Glavine, Berenguer (7), Mercker (9) and Olson, Heath (7). W—Glavine, 3-2. L—Boskie 2-2. Sv—Mercker (2). HR—Chicago, G. Bell (5).

St. Louis 000 001 102—4 11 1
Cincinnati 200 000 000—2 6 1
Hill, Agosto (7), Carpenter (8), Le. Smith (9) and Pagnozzi; Charlton, Power (7), Myers (7), Scudder (9) and J. Reed, Oliver (8). W—Carpenter, 3-1. L—Scudder, 0-2. Sv—Le. Smith (9). HR—Cincinnati, Sabo (3).

San Francisco 000 000 000—0 5 2
New York 100 002 00x—3 6 1
Downs, T. Wilson (7) and Decker; Cone, Franco (9) and Cerone. W—Cone, 3-1. L—Downs, 1-1. Sv—Franco (6).

Los Angeles 222 000 000—7 13 0
Philadelphia 000 010 000—1 4 1
R. Martinez and Scioscia; Cox, Combs (2), Akerfelds (6), Boever (9) and Daulton. W—R. Martinez, 4-1. L—Cox, 0-1. HR—Los Angeles, Murray (3).

Saturday's Line Scores

AMERICAN LEAGUE

Minnesota 011 010 301—7 15 1
Milwaukee 000 000 004—4 7 1
Guthrie, Bedrosian (7) and Ortiz; Bosio, Holmes (7) and Dempsey. W—Guthrie, 1-2. L—Bosio, 3-3. Sv—Bedrosian (1). HRs—Minnesota, Gagne (3). Milwaukee, Vaughn (6), Dempsey (2).

Cleveland 350 200 002—20 21 1
Oakland 100 101 210— 6 10 2
King, Hillegas (7), Eaton (7) and S. Alomar; Dressendorfer, C. Young (4), Show (6), Briscoe (8) and Quirk. W—King, 3-2. L—Dressendorfer, 2-2. HRs—Cleveland, Belle (6), C. James 2 (3). Oakland, Baines (1), McGwire (1).

Boston 200 010 001—4 5 1
Chicago 000 000 000—0 5 1
Bolton, Gray (7), Fossas (8), Reardon (9) and Pena; Perez, Edwards (9), Drahman (9), Radinsky (9) and Karkovice, Merullo (8). W—Bolton, 3-0. L—Perez, 1-1. HR—Boston, Pena (2).

Texas 032 000 011—6 13 0
Detroit 001 010 030—5 6 1
B. Witt, Gossage (8) and Petralli; Petry, Cerutti (2), P. Gibson (5), Gleaton (9) and Tettleton. W—Gossage, 3-0. L—Gleaton, 1-1. HRs—Texas, Franco (2), Gonzalez (2).

Baltimore 020 000 100—3 6 0
California 500 001 00x—6 9 0
J.M. Robinson, Milacki (1), Kilgus (6), D. Johnson (8) and Melvin; Langston, J.D. Robinson (8), Harvey (9) and Parrish. W—Langston, 2-1. L—J.M. Robinson, 1-3. Sv—Harvey (5). HR—California, Parrish (4).

New York 000 000 101—2 11 0
Seattle 020 001 00x—3 7 0
Cary, Habyan (6), Guetterman (7) and Nokes; Bankhead, Swift (6), Swan (7), M. Jackson (7) and Valle. W—Bankhead, 2-2. L—Cary, 1-3. Sv—M. Jackson (2). HRs—New York, Maas (3). Seattle, O'Brien (3).

Toronto 000 010 400—5 10 0
Kansas City 103 000 00x—6 11 2
Boucher, Fraser (3), Acker (7) and Myers, Borders (8); Saberhagen, Crawford (6), Aquino (7), Montgomery (7) and Macfarlane. W—Saberhagen, 2-3. L—Boucher, 0-2. Sv—Montgomery (6).

NATIONAL LEAGUE

San Francisco 101 020 000 000—4 12 3
New York 000 200 002 002—6 12 0
(12 innings)
Burkett, Brantley (8), Righetti (9), LaCoss (11) and Kennedy, Decker (11); Darling, Whitehurst (6), Pena (8), Franco (10), Schourek (11) and O'Brien, Sasser (9), Cerone (12). W—Schourek, 2-0. L—LaCoss, 1-3. HRs—San Francisco, W. Clark (5). New York, Johnson (5), Sasser (1), Carreon (3).

San Diego 102 000 010 010 1—6 8 1
Montreal 301 000 000 010 0—5 13 2
(13 innings)
Nolte, Maddux (1), Gardner (5), Andersen (7), Lefferts (9), Rodriguez (12) and Lampkin, Santiago (11); Mahler, Jones (6), Frey (8), Burke (8), Sampen (10), Fassero (12) and Reyes. W—Rodriguez, 1-0. L—Fassero, 0-1. HRs—San Diego, McGriff (5). Montreal, DeShields (3), Calderon (4).

Los Angeles 000 000 030—3 7 1
Philadelphia 300 000 01x—4 10 2
Ojeda, Hartley (7), J. Howell (8) and Lyons; Mulholland, Ml. Williams (9) and Lake. W—Mulholland, 3-2. L—J. Howell, 0-1. Sv—Ml. Williams (6). HRs—Los Angeles, Samuel (5). Philadelphia, C. Hayes (4).

Houston 030 102 000—6 13 0
Pittsburgh 001 020 000—3 8 0
J. Jones, Clancy (6) and Biggio; Smiley, Heaton (3), Huismann (5), Tomlin (7), Belinda (8), Patterson (9) and LaValliere. W—J. Jones, 3-1. L—Smiley, 4-1. Sv—Clancy (1).

St. Louis 000 001 000—1 5 0
Cincinnati 101 000 10x—3 6 1
Moyer, Terry (6), Perez (7) and Gedman; Armstrong, Power (7), Dibble (8) and Oliver. W—Armstrong, 2-1. L—Moyer, 0-3. Sv—Dibble (6). HRs—Cincinnati, Sabo (4), Larkin (5).

Chicago 001 001 000—2 11 0
Atlanta 100 030 00x—4 8 0
Sutcliffe, Slocumb (5), Assenmacher (7) and Berryhill; Smoltz, Sisk (7), Stanton (7), Mercker (7), Berenguer (9) and Heath. W—Smoltz, 1-3. L—Sutcliffe, 1-3. Sv—Berenguer (2). HR—Chicago, Dascenzo (1).

Japanese Baseball

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Taiyo	14	8	1	.636	—
Yomiuri	13	11	0	.542	2
Chunichi	11	10	1	.523	2½
Yakult	11	11	1	.500	3
Hiroshima	10	10	1	.500	3
Hanshin	6	15	0	.286	7½

Saturday's Results
Taiyo 3, Hanshin 2
Yomiuri 8, Yakult 1
Chunichi 4, Hiroshima 2

Sunday's Results
Taiyo 4, Hanshin 0
Yakult 7, Yomiuri 1
Hiroshima 2, Chunichi 1

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	16	5	1	.750	—
Kintetsu	12	11	0	.522	4
Nippon Ham	11	11	0	.500	4½
Lotte	10	11	0	.476	5
Daiei	9	12	0	.429	6
Orix	7	15	0	.318	8½

Saturday's Results
Seibu 9, Kintetsu 8
Lotte 7, Orix 6
Daiei 11, Nippon Ham 7

Sunday's Results
Seibu 4, Kintetsu 1
Nippon Ham 7, Daiei 0
Orix 3, Lotte 1

BASKETBALL

NBA Playoffs

FIRST ROUND
(Best-of-5)
Friday's Results
EASTERN CONFERENCE
(Series tied, 2-2)

Boston 36 33 26 18—113
Indiana 36 28 24 28—116

Boston: Bird 7-14 3-3 18, Gamble 3-9 0-0 6, Parish 6-8 6-8 18, Lewis 9-17 4-6 22, Shaw 4-9 1-1 9, D.Smith 9-18 2-20, McHale 8-12 6-8 24, Brown 5-8 4-4 14, Pinckney 0-0 2-2 2. Totals 42-78 26-34 113.

Indiana: Person 10-19 8-8 30, Thompson 4-7 2-2 10, Dreiling 0-1 1-2 1, Miller 11-19 5-5 27, M. Williams 6-14 6-6 18, Schrempf 3-9 5-5 11, Smits 1-3 0-0 2, Fleming 4-9 2-2 10, Sanders 3-4 0-0 7, K. Williams 0-0 0-0 0. Totals 42-85 29-30 116.

3-point goals—Boston 3-5 (McHale 2-2, Bird 1-3), Indiana 3-6 (Person 2-4, Sanders 1-1, Miller 0-1). Fouled out—None. Rebounds—Boston 52 (Parish 12), Indiana 36 (Thompson 7). Assists—Boston 23 (Bird 8), Indiana 25 (M. Williams 9). Total fouls—Boston 24, Indiana 31. Technical—Schrempf.

WESTERN CONFERENCE
(Golden State wins series, 3-1)

San Antonio 28 27 18 24— 97
Golden State 25 37 28 20—110

San Antonio: Cummings 5-7 1-2 11, Elliott 8-14 7-9 23, Robinson 7-11 4-6 18, Anderson 4-16 0-0 8, Strickland 9-19 3-3 21, S. Higgins 0-0 0-0 0, Pressey 3-8 0-0 6, Wingate 4-8 2-3 10. Totals 40-83 17-23 97.

Golden State: Elie 0-3 4-4 4, Mullin 9-15 5-6 23, Petersen 1-1 0-0 2, Hardaway 14-27 1-1 32, Richmond 5-11 7-8 17, R.Higgins 6-14 0-0 14, Hill 0-1 0-0 0, Marciulionis 6-9 2-2 14, Tolbert 2-4 0-2 4. Totals 43-85 19-23 110.

3-point goals—San Antonio 0-4 (Anderson 0-1, Strickland 0-1, Pressey 0-2), Golden State 5-17 (Hardaway 3-10, Higgins 2-4, Tolbert 0-1, Richmond 0-2). Fouled out—Wingate, Hill. Rebounds—San Antonio 49 (Robinson 14), Golden State 46 (Richmond 11). Assists—San Antonio 22 (Strickland 8), Golden State 23 (Hardaway 9). Total fouls—San Antonio 25, Golden State 26. Technicals—Petersen, Robinson.

Saturday's Results
EASTERN CONFERENCE
(Chicago leads 1-0)

Philadelphia 20 22 21 29— 92
Chicago 34 25 24 22—105

Philadelphia: Barkley 10-13 13-15 34, Gilliam 2-10 1-2 5, Mahorn 0-2 0-0 0, Green 1-5 0-0 2, Hawkins 2-9 5-5 10, Bol 3-6 4-6 10, Anderson 3-11 1-1 8, Turner 2-9 7-8 11, Reid 1-4 0-0 2, J.Williams 3-4 0-0 6, Oliver 0-1 2-2 2, Hoppen 1-1 0-0 2. Totals 28-75 33-39 92.

Chicago: Pippen 11-16 1-2 24, Grant 5-10 2-2 12, Cartwright 7-9 0-0 14, Paxson 1-2 0-0 2, Jordan 8-15 13-15 29, Armstrong 3-5 3-4 9, Perdue 2-4 0-0 4, Hodges 2-7 0-0 5, King 1-2 1-2 3, Levingston 0-2 0-0 0, S. Williams 0-2 0-0 0, Hopson 0-0 3-4 3. Totals 40-74 23-29 105.

3-point goals—Philadelphia 3-5 (Barkley 1-1, Hawkins 1-2, Anderson 1-2), Chicago 2-5 (Pippen 1-1, Hodges 1-3, Jordan 0-1). Fouled out—None. Rebounds—Philadelphia 50 (Barkley 11), Chicago 43 (Grant 9). Assists—Philadelphia 15 (Hawkins, Anderson 3), Chicago 25 (Pippen 7). Total fouls—Philadelphia 19, Chicago 26. Technicals—Chicago illegal defense 2.

WESTERN CONFERENCE
(Portland wins series, 3-2)

Seattle 25 18 25 39—107
Portland 30 33 27 29—119

Seattle: Johnson 7-12 3-3 17, Kemp 6-9 5-6 17, Benjamin 2-4 5-7 9, Payton 2-5 0-0 4, Threatt 2-4 4-4 8, McKey 2-4 0-0 4, McMillan 2-8 0-0 4, Pierce 6-14 0-0 14, Cage 4-5 5-6 13, Barros 4-7 3-4 12, Corzine 2-3 1-1 5, Meents 0-0 0-0 0. Totals 39-75 26-31 107.

Portland: Kersey 3-9 0-0 6, Williams 5-11 2-4 12, Duckworth 4-13 5-6 13, Drexler 8-16 6-6 22, Porter 7-13 8-9 23, Ainge 7-14 0-0 15, Robinson 8-9 4-7 20, Bryant 2-3 2-2 6, Davis 0-4 0-0 0, Young 1-1 0-0 2, Abdelnaby 0-1 0-0 0. Totals 45-94 27-34 119.

3-point goals—Seattle 3-10 (Pierce 2-3, Barros 1-3, Threatt 0-1, McKey 0-1, Johnson 0-2), Portland 2-10 (Porter 1-2, Ainge 1-5, Drexler 0-3). Fouled out—None. Rebounds—Seattle 37 (Benjamin 6), Portland 60 (Williams 12). Assists—Seattle 22 (Payton 7), Portland 30 (Porter 11). Total fouls—Seattle 23, Portland 23. Technical—Barros.

HOCKEY

NHL Playoffs

CONFERENCE CHAMPIONSHIPS
(Best-of-Seven)
Friday's Results
WALES CONFERENCE
(Boston leads series, 2-0)

Pittsburgh 2 0 2 0—4
Boston 2 1 1 1—5

First period—1, Boston, Neely 15 (Janney, Ruzicka), 5:23 (pp). 2, Pittsburgh, Stevens 9 (Francis, Recchi), 5:36. 3, Boston, Wesley 2 (Ruzicka, R.Bourque), 11:53 (pp). 4, Pittsburgh, Lemieux 6 (Loney, Jagr), 16:34. Second period—5, Boston, R.Bourque 6 (Janney, Ruzicka), :38. Third period—6, Pittsburgh, Recchi 7 (Lemieux, Young), 11:01 (pp). 7, Pittsburgh, Lemieux 7, 13:00. 8, Boston, Janney 3 (Ruzicka, R.Bourque), 16:49 (pp). Overtime—9, Boston, Ruzicka 2 (Christian, Poulin), 8:14.

Shots on goal—Pittsburgh (on Moog) 11-9-13-1—34. Boston (on Barrasso) 10-4-8-8—30.

Saturday's Results
CAMPBELL CONFERENCE
(Series tied, 1-1)

Minnesota 1 1 0—2
Edmonton 4 2 1—7

First period—1, Minnesota, Gagner 7 (Propp, Bellows), 1:55 (pp). 2, Edmonton, Klima 5 (Huddy, Tikkanen), 6:14. 3, Edmonton, Klima 6 (Murphy, Semenov), 8:23 (pp). 4, Edmonton, Klima 7 (Tikkanen, Linseman), 11:27. 5, Edmonton, Huddy 4 (Tikkanen, MacTavish), 19:27 (pp). Second period—6, Minnesota, Gavin 3 (Broten), 10:19 (sh). 7, Edmonton, Anderson 5 (Simpson, Messier), 16:02. 8, Minnesota, Semenov 5 (Gelinas, Muni), 17:12. Third period—9, Edmonton, Anderson 6 (Messier, Simpson), 3:06.

Shots on goal—Minnesota (on Fuhr) 7-9-5—21. Edmonton (on Casey, Hayward) 11-10-11—32.

FOOTBALL

WLAF Standings

European Division

	W	L	T	Pct.	PF	PA
London	6	0	0	1.000	188	58
Barcelona	6	1	0	.857	166	92
Frankfurt	5	2	0	.714	122	109

North American East Division

	W	L	T	Pct.	PF	PA
N.Y.-N.J.	3	3	0	.500	156	94
Montreal	3	4	0	.429	93	178
Orlando	2	5	0	.286	144	212
Raleigh-Durham	0	6	0	.000	98	195

North American West Division

	W	L	T	Pct.	PF	PA
Birmingham	3	4	0	.429	85	109
Sacramento	2	5	0	.286	101	133
San Antonio	3	3	0	.500	118	93

SATURDAY'S GAMES
Barcelona 11, Birmingham 6
Montreal 26, Sacramento 23
Frankfurt 17, Orlando 14

SUNDAY'S GAME
New York-New Jersey at Raleigh-Durham

MONDAY'S GAME
London at San Antonio

SOCCER

DUTCH FIRST DIVISION
Fortuna Sittard 3, NEC Nijmegen 1
Vitesse Arnhem 1, PSV Eindhoven 1
Ajax Amsterdam 4, Roda JC Kerkrade 1
FC Groningen 1, FC Volendam 0
Sparta Rotterdam 0, RKC Waalwijk 0
SVV Schiedam 1, SC Heerenveen 2
Willem II Tilburg 0, MVV Maastricht 1
FC Twente Enschede 1, FC Utrecht 1
FC Den Haag 0, Feyenoord Rotterdam 2
Standings: PSV 44 points; Ajax 43; FC Groningen 40; FC Utrecht 32; FC Twente and Vitesse 30; FC Volendam and Roda 29; RKC 27; Feyenoord 26; FC Den Haag, Willem II and Sparta 24; Fortuna S. 23; MVV 21; Heerenveen 20; SVV and NEC 19.

ENGLISH FIRST DIVISION
Chelsea 4, Liverpool 2
Coventry 0, Sheffield United 0
Derby 4, Southampton 2
Everton 1, Luton 0
Leeds 5, Aston Villa 2
Manchester United 1, Manchester City 0
Norwich 1, Queens Park Rangers 0
Sunderland 0, Arsenal 0
Tottenham 1, Nottingham Forest 1
Wimbledon 0, Crystal Palace 3
Standings: Arsenal 77 points; Liverpool 73; Crystal Palace 66; Leeds 61; Manchester City 59; Manchester United 58; Wimbledon 55; Nottingham Forest, Tottenham and Chelsea 48; Everton 47; Queens Park Rangers and Norwich 45; Coventry and Southampton 44; Sheffield United 43; Aston Villa 37; Luton and Sunderland 34; Derby 24.

FRENCH FIRST DIVISION
Cannes 1, Nancy 0
Bordeaux 1, Montpellier 0
Caen 2, Nice 1
Lille 1, Lyon 1
Marseille 3, Toulon 3
Metz 2, Sochaux 2
Monaco 5, Brest 0
Nantes 2, Auxerre 3
St Etienne 1, Paris St Germain 1
Toulouse 2, Rennes 0
Standings: Marseille 50 points; Monaco 48; Auxerre 45; Cannes 38; Lille and Lyon 36; Montpellier, Brest and Metz 35; Caen, Bordeaux and Paris St Germain 34; Nice 33; Nantes 32; Sochaux, Toulouse and Toulon 30; St Etienne and Nancy 29; Rennes 27.

GERMAN FIRST DIVISION
FC Kaiserslautern 3, Karlsruhe 2
VfL Bochum 3, FC St. Pauli 0
FC Cologne 3, FC Nuremberg 1
Eintracht Frankfurt 5, Hertha BSC Berlin 1
Fortuna Duesseldorf 0, VfB Stuttgart 4
Werder Bremen 1, Bayer Leverkusen 1
Borussia Moenchen. 1, Bayer Uerdingen 1
Borussia Dortmund 2, SG Wattenscheid 2
Homburg 2, Bayern Munich 3
Standings: FC Kaiserslautern 40 points; Werder Bremen and Bayern Munich 36; Hamburg SV 34; Eintracht Frankfurt and FC Cologne 33; Bayer Leverkusen 31; VfB Stuttgart and Fortuna Duesseldorf 30; Borussia Dortmund 26; VfL Bochum, Karlsruhe SC, Borussia Moench. and SG Wattenscheid 25; Bayer Uerdingen and FC St. Pauli 22; FC Nuremberg 20; Hertha Berlin 11.

ITALIAN FIRST DIVISION
AS Roma 2, Atalanta 1
Bari 1, Lecce 1
Bologna 1, Fiorentina 1
Genoa 2, Cagliari 2
Inter 0, Sampdoria 2
Juventus 0, Milan 3
Napoli 1, Cesena 0
Parma 0, Torino 0
Pisa 0, Lazio 1
Standings: Sampdoria 47 points; AC Milan 43; Internazionale 42; Torino, Genoa and Parma 35; Juventus 34; Napoli 33; AS Roma and Lazio 32; Atalanta 31; Fiorentina 28; Bari 26; Cagliari 25; Lecce 23; Pisa 20; Cesena 19; Bologna 18.

SPANISH FIRST DIVISION
Real Betis 2, Valencia 2
Burgos 1, Sevilla 1
Castellon 0, Mallorca 1
Atletico Madrid 0, Cadiz 0
Sporting Gijon 2, Real Sociedad 1
Osasuna 1, Logrones 1
Athletic Bilbao 2, Oviedo 1
Tenerife 0, Real Madrid 1
Valladolid 2, Espanol 0

TENNIS

Davis Cup

WORLD GROUP
Quarterfinal
France 3, Australia 2
Guy Forget and Henri Leconte, France, def. Todd Woodbridge and Mark Kratzmann, 6-7 (2-7), 7-5, 5-7, 7-6 (7-2), 6-4; Richard Fromberg, Australia, def. Forget, 6-7 (2-7), 7-6 (10-8), 6-3, 6-3; Fabrice Santoro, France, def. Wally Masur, 6-3, 6-4, 4-6, 6-1.

EUROPEAN ZONE, GROUP TWO
First Round
Luxembourg 5, Monaco 0
Johny Goudenbour and Serge Brueck def. Jerome Seguin and Olivier Peyret, 6-3, 6-4, 6-3; Jacques Radoux def. Christian Collange 6-2 6-1; Goudenbour def. Seguin 6-1 6-3.

Greece 5, Cyprus 0
Tassos Pavelas and Yiannis Rigas def. Savvas Constantinou and Sevros Charalambous, 6-1, 6-0, 6-1; Pavelas def. Alkis Papamichail, 6-1 6-2; Andreas Sfigas def. Yiannis Hadjigeorghiou, 7-6 (7-2) 6-3.

Norway 5, Bulgaria 0
Anders Rolfsen and Arne Georg Raabe def. Krasimir Lazarov and Stefan Tsvetkov, 6-3, 6-2, 6-2; Anders Haaseth def. Lazarov, 6-2, 4-6, 6-4; Christian Ruud def. Orlin Stanoychev, 6-2, 6-3.

EURO-AFRICAN ZONE, GROUP ONE
Second Round
Denmark 3, Finland 2
Fredrik Fetterlein, Denmark, def. Aki Rahunen, 6-4, 6-8, 6-3; Fetterlein and Morten Christensen def. Olli Rahnasto and Pasi Virtanen, 4-6, 6-0, 6-4, 6-4; Rahunen def. Christensen, 4-6 4-6 1-6; Fetterlein def. Rahnasto, 6-1 6-2 6-1.

Netherlands 4, Portugal 1
Paul Haarhuis, Netherlands, def. Joao Cunha e Silva, 4-6, 6-0, 6-4, 6-1; Mark Koevermans, Netherlands, def. Nuno Marques, 6-3, 2-6, 7-5, 6-0; Haarhuis and Koevermans def. Marques and Cunha e Silva, 4-6, 7-5, 7-6, 6-3; Marques def. Haarhuis, 4-6, 6-4, 6-4; Koevermans def. Cunha e Silva 3-6, 6-4, 6-2.

Britain 4, Poland 1
Nick Brown and Jeremy Bates, Britain, def. Wojtek Kowalski and Tomasz Iwanski, 6-2, 7-5, 3-6, 6-7 (3-7), 6-4; Bates def. Iwanski, 6-4, 6-0, 6-4; Kowalski def. Bates, 2-6 6-3 3-6; Chris Wilkinson, Britain, def. Bartlomiej Dabrowski, 7-6 (9-7) 6-3.

Switzerland 3, Soviet Union 2
Marc Rosset, Switzerland, def. Andrei Chesnokov, 7-6 (5-7), 5-7, 3-6, 6-4, 11-9; Jacob Hlasek, Switzerland, def. Andrei Cherkasov, 7-5, 7-5, 6-3; Hlasek and Claudio Mezzadri, def. Dimitri Poliakov and Cherkasov, 6-3, 7-6 (7-4), 6-3; Chesnokov def. Hlasek, 3-6, 4-6; Cherkasov def. Rosset, 4-6, 4-6.

Relegation Playoffs
Romania 5, Ireland 0
George Cosac and Florin Segarceanu def. Eoin Collins and Peter Wright, 4-6, 6-4, 6-2, 6-7 (4-7), 6-0; Andrei Pavel def. Wright, 7-6 (7-2), 6-3; Adrian Marcu def. Doyle Stewart, 6-2, 6-2.

Hungary 5, Morocco 0
Laszlo Markovits and Andras Lanyi def. Karim Alami and Arafa Chekrouni, [illegible] 6, 3-6, 6-3; Sandor Noszaly def. Alami [illegible] 5; Viktor Noszaly def. Chekrouni, 6-4 6-1.

AFRICAN ZONE, GROUP TWO
First Round
Egypt 3, Senegal 2
Hossam el-Arousi, Egypt, def. Abdou [illegible] 6-3, 6-2, 7-4; Tamir el-Sawi, Egypt, def. [illegible] Bertha, 5-7, 6-1, 6-1, 6-2; F. Bertha and A. [illegible] def. el-Sawi and Hani Nasser, 6-4, 7-5, [illegible] 6; el-Sawi def. Abdou Bertha, 6-8, [illegible] Fadel Bertha def. el-Arousi, 6-1, 3-6, 6-3, [illegible]

ASIA-OCEANIA ZONE, GROUP [illegible]
Second Round
The Philippines 4, China 1
Felix Barrientos and Sofronio Palahang, Philippines, def. Xia Jiaping and [illegible] Quianghua, 7-5, 7-6 (7-2), 7-5; Barrientos def. Jiaping, 6-3, 6-2, 6-1; Roland So def. Pan, 6-2, 6-1.

India 3, South Korea 2
Ramesh Krishnan and Leander Paes def. Jie Seung Ho and Chang Eui Jong, [illegible] 5), 6-4, 7-5; Chang def. Krishnan, 6-4, [illegible] 4-6; Paes def. Jie, 7-6 (7-5), 6-3, 6-2.

ASIA-OCEANIA ZONE, GROUP [illegible]
First Round
Singapore 5, Kuwait 0
Liu Wai Yaw and Frederick Ho def. Ahmad Al-Ashwak and Khalid Al-Rashid, 6-7 [illegible] 7-6 (7-4), 7-5, 6-0; Yaw def. Al-Ashwak, [illegible] Tung-vi def. Al-Rashid, 1-6, 6-3, 6-2.

Sri Lanka 3, Syria 2
Arjun Fernando and Jayendra Wijeyasekera def. Somar Mourad and Aniff Haleem, [illegible] 6-1; Fernando def. Mourad, 6-0, 6-8; [illegible] Wattegedera def. Jehad Sheet, 6-0, 6-[illegible]

Bangladesh 3, Bahrain 2
Shovon Jamaly and Sardar Iftekhar, Bangladesh, def. Essam Abdul A'al and Rashid Shehab, 6-2, 6-2, 6-4; Abdul A'al, Jamaly, 6-2, 3-6, 6-7, 6-1, 13-15; Iftekhar, Shehab, 6-3, 3-6, 6-1, 7-5.

AT&T CHALLENGE TOURNAMENT
In Roswell, Georgia
Quarterfinals
Andre Agassi (1), U.S., def. Pat [illegible] (8), U.S., 6-1, 7-6 (7-4); Michael Chang def. Scott Davis (4), U.S., 6-2, 7-6 [illegible] Sampras (2), U.S., def. Brad Gilbert [illegible] 3, 7-6 (10-8); David Wheaton (6), [illegible] Aaron Krickstein (7), U.S., 6-4, 7-6 [illegible]
Semifinals
Agassi def. Chang, 6-4, 6-2; Wheaton [illegible] Sampras, 7-6 (7-4), 6-1.

VILLA DE MADRID MEN'S TOURNAMENT
In Madrid
Semifinals
Jordi Arrese (7), Spain, def. Karel Novacek (4), Czechoslovakia, 6-4, 6-3; Marcelo Filippini (5), Uruguay, def. Javier Sanchez [illegible] carlo, Spain, 7-5, 6-1.
Final
Arrese def. Filippini, 6-2, 6-4.

BMW OPEN MEN'S TOURNAMENT
In Munich, Germany
Semifinals
Magnus Gustafsson, Sweden, def. Ivan Lendl (1), Czechoslovakia, 6-4, 7-5; Guillermo Perez-Roldan (7), Argentina, def. Christian Bergstrom, Sweden, 6-0, 6-0.
Final
Gustafsson def. Perez-Roldan, 3-6, 6-3, [illegible]

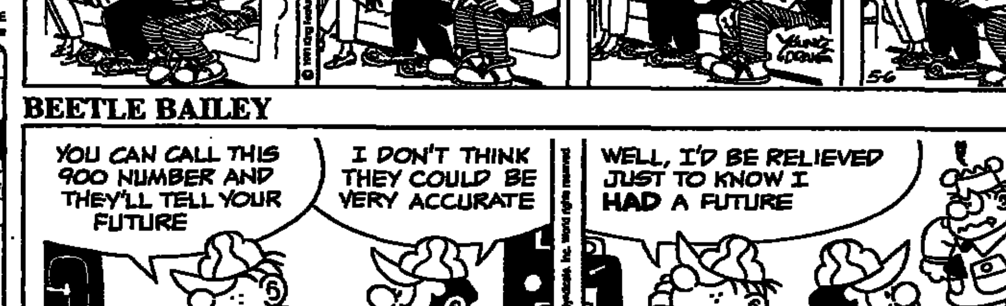
CITIZEN CUP WOMEN'S TOURNAMENT
In Hamburg, Germany
Semifinals
Monica Seles (1), Yugoslavia, def. Arantxa Sanchez Vicario (3), Spain, [illegible] Steffi Graf (2), Germany, (2) def. Judith Wiesner (8), Austria, 6-0, 6-1.
Final
Graf leads Seles, 7-5, 6-7 (4-7), 2-1, rain, play.

DENNIS THE MENACE

"HAVE YOUR FUN NOW, JOEY. PRETTY SOON YOU'LL BE OLD ENOUGH TO KNOW BETTER."

PEANUTS

BLONDIE



BEETLE BAILEY

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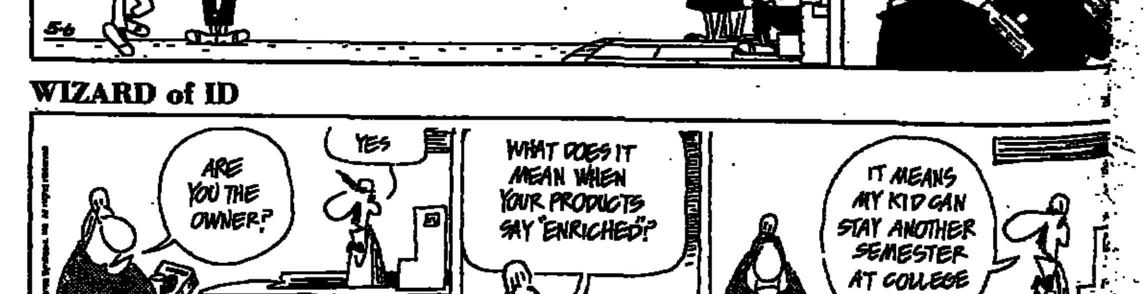

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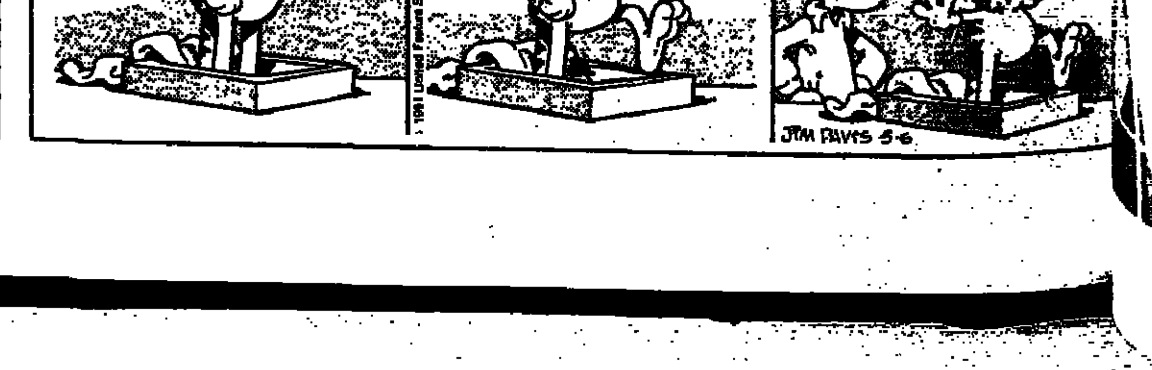
REX MORGAN

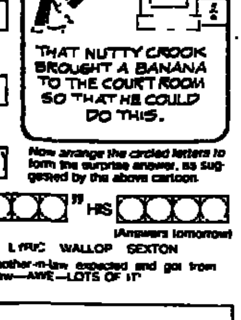
GARFIELD



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GREEM
DANSY
LAPPOR
PLAACA



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: "[ ]-[ ]" HIS [ ]

(Answers tomorrow)

Saturday's | Jumbles: VALET LYRIC WALLOP SEXTON
Answer: What mother-in-law expected and got from son-in-law—AWE—LOTS OF IT

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MONDAY SPORTS

Black Outduels Gooden As Homer by Mitchell Stops the Giants' Skid

Compiled by Our Staff From Dispatches

Bud Black outpitched Dwight Gooden in New York and Kevin Mitchell hit his major league-leading eighth home run of the season as San Francisco ended a five-game losing streak with a 2-0 victory Sunday.

Black, hit hard in his last two starts, pitched a five-hitter for his second shutout of the season. He struck out six and walked two.

Black allowed one hit in each of the first five innings. He then retired 13 of the last 15 batters in his ninth career shutout.

Gooden had won his last 10 decisions in Shea Stadium. He gave up six hits, struck out four and walked two in eight innings.

Mitchell, who entered the game with only five hits and three RBIs in his previous 37 at-bats, led off the seventh inning by homering on a hanging curveball. The home run was the Giants' 27th, the most in the major leagues.

The Giants won for just the second time in 11 games.

Astros 6, Pirates 4: Jeff Bagwell hit the ninth upper deck home run in Three Rivers Stadium history and Steve Finley had a two-run drive, leading Houston over struggling Cy Young Award winner Doug Drabek.

Drabek (1-5), a 22-6 pitcher last year, gave up seven hits and three runs in five innings. He failed to last past the fifth inning for the fourth time in his six starts.

Bagwell's pinch-hit drive in the seventh inning off Bob Kipper made it 4-1 and landed five rows deep into the upper-deck stands. The drive was estimated at 456 feet (139 meters), the longest homer to left field since Three Rivers opened in 1970.

Dodgers 3, Phillies 2: Alfredo Griffin singled home the tie-breaking run in the eighth inning and Jay Howell pitched around a leadoff triple in the ninth, preserving the Los Angeles victory in Philadelphia.

John Morris opened the ninth against Howell with the second triple of the game off right fielder Darryl Strawberry's glove.

But Howell, who gave up Charlie Hayes' go-ahead homer in the eighth inning Saturday night, protected the lead. He retired pinch hitter Wally Backman on a shallow fly, got pinch hitter Dale Murphy on a hard grounder and set down Lenny Dykstra on a routine grounder.

Cubs 9, Braves 6: Mark Grace, Ryne Sandberg and George Bell hit home runs as Chicago won in Atlanta.

Grace hit a three-run homer in the third inning and Sandberg a two-run shot in the fifth as the Cubs ended Atlanta's three-game winning streak. Bell's sixth homer started a three-run eighth, making it 8-4.

Jerome Walton singled and Sandberg doubled off the left-field fence before Grace hit his second home run. Sandberg's home run was his second.

Padres 6, Expos 3: Benito Santiago hit a three-run homer and Jim Presley a solo shot in Montreal, helping Ed Whitson break his three-game losing streak for San Diego.

Whitson (2-3), supported with only three runs during his skid, gave up seven hits, including a three-run homer by Marquis Grissom. He struck out eight and walked three in his first complete game of the season.

Brian Barnes, making his first appearance of the season after a shoulder injury in spring training, lasted only 4⅓ innings. He gave up six runs on seven hits.

• San Diego went ahead in the fourth on triples by Tony Gwynn and Fred McGriff.

Reds 4, Cardinals 2: Eric Davis hit a two-run homer off reliever Lee Smith to highlight a four-run eighth inning, lifting Cincinnati at home.

Tom Browning gave up two runs and six hits in eight innings, striking out three and walking two to win. Rob Dibble pitched the ninth for his seventh save. *(AP, UPI)*

In Saturday's games, The Associated Press reported:

Mets 6, Giants 4: Pinch hitters Mickey Sasser and Mark Carreon tied the game in New York with consecutive homers in the ninth and Howard Johnson won it with a two-run homer in the 12th. It was the first time since 1986 that a major league team has gotten consecutive pinch homers.

Johnson homered with two outs against Mike LaCoss. Dave Magadan walked with one out and Rick Cerone grounded into a force play before Johnson came up.

In the ninth, Sasser had led off with a homer to right against Jeff Brantley and Carreon followed with a homer to left. It was Carreon's third pinch homer this year.

Padres 6, Expos 5: Tony Gwynn drove in his third run with his third hit, a single in the 13th inning in Montreal that ended the Expos' four-game winning streak.

Fred McGriff homered for the third straight game to put the Padres ahead in the 11th, but Ivan Calderon tied it with a home run in the Expos' half.

Phillies 4, Dodgers 3: Charlie Hayes homered leading off the bottom of the eighth in Philadelphia after the Dodgers scored three times in the top of the inning.

Mitch Williams, acquired from the Chicago Cubs after spring training, pitched the ninth for his sixth save, striking out pinch hitter Darryl Strawberry on three pitches with two runners on to end the game.

Astros 8, Pirates 3: Luis Gonzalez hit a two-run triple as Houston scored five runs in the second inning off previously unbeaten John Smiley in Pittsburgh.

Mark McLemore, who came into the game with four hits in 44 at-bats this season, went three for four with an RBI.

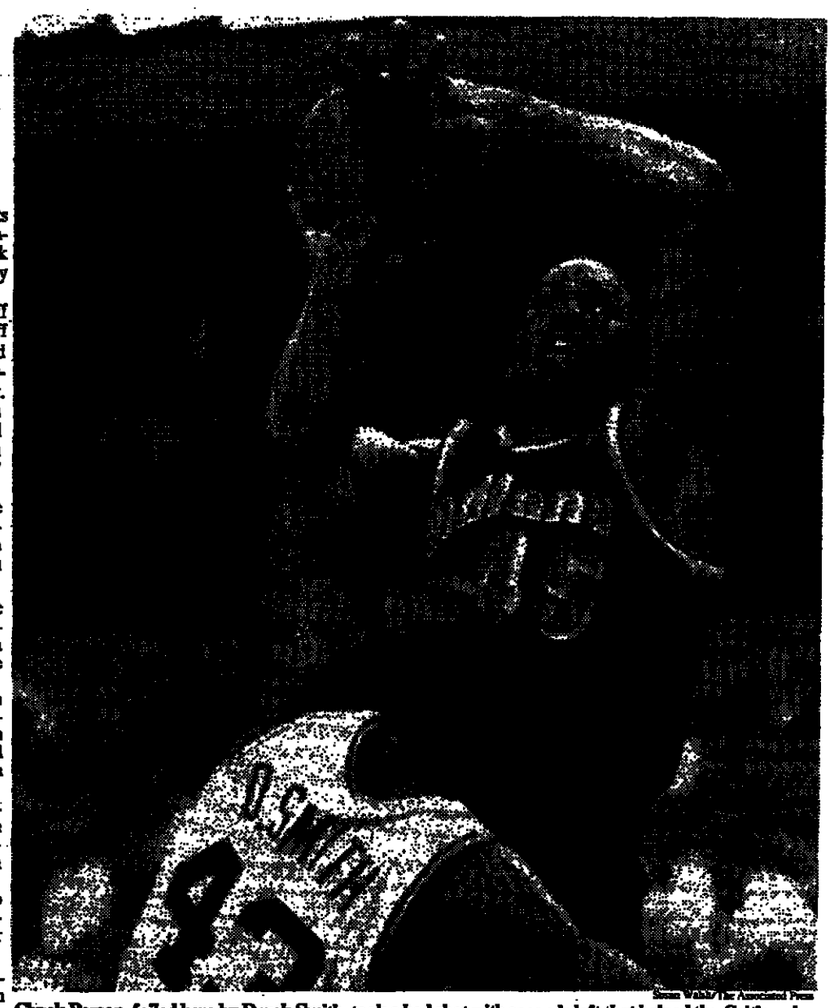
Reds 3, Cardinals 1: Barry Larkin and Chris Sabo homered in Cincinnati and and Jack Armstrong increased his record against St. Louis to 3-0.

Rob Dibble, in his first game since receiving a four-game suspension Friday, gave up no hits in 1⅓ innings of relief. Dibble remains eligible to pitch while the suspension is appealed. He also is appealing another three-game suspension.

Braves 4, Cubs 2: In Atlanta, David Justice broke a fifth-inning tie with a two-run double and the Braves beat Rick Sutcliffe for the eighth time in nine decisions.

Jeff Treadway doubled with two outs in the fifth and Lonnie Smith walked. Justice, last year's National League rookie of the year, hit a 1-2 pitch into the gap in right field, scoring both runners. Sid Bream followed with an RBI double into the right-field corner.

NATIONAL LEAGUE



Susan Walsh/The Associated Press

Chuck Person, foiled here by Derek Smith, took a bad shot with seconds left that helped the Celtics win.

Celtics Rally Behind Bird To Knock Out the Pacers

The Associated Press

The Boston Celtics, up by 16 points with seven minutes left, withstood a frantic Indiana rally to survive the first round of the National Basketball Association playoffs Sunday behind a battered and bruised Larry Bird.

With Bird, who was forced to go to the trainer's room in the second period, returning to spark a 42-point third period, the Celtics defeated the Pacers, 124-121, in Boston Garden to advance to the second round of the playoffs for the first time in three years.

But the Celtics were helped by the Pacers, particularly Chuck Person, who took an off-balance 3-pointer with 15 seconds left and Indiana trailing by just two points. Brian Shaw of Boston then made two free throws, rendering a later 3-pointer by Person meaningless.

After Person's 3-pointer, Shaw made two more foul shots with 1.5 seconds left and time ran out on the Pacers, who had no timeouts left.

Bird had 32 points, nine rebounds and seven assists, became Boston's all-time leading postseason scorer, passing John Havlicek and moving into third place in the league, as the Celtics won the best-of-5 series, 3-2.

Bird had 15 points in the first half before he went to the locker room after slipping and getting kicked with 4:23 left in the half.

But he came back early in third period and continued the run that boosted his playoff scoring total to 3,804, behind only Kareem Abdul-Jabbar and Jerry West as a playoff scorer.

Reggie Lewis finished with 22 for the Celtics. Robert Parish had 21, and Kevin McHale and Shaw 13 had each.

Person, who taunted the Celtics throughout the series, led the Pacers with 32 points.

In Friday's game in Indianapolis, Person scored 12 consecutive points for Indiana down the stretch as the Pacers overcame a 13-point deficit and beat the Celtics, 116-113, to even the series.

In Saturday's games, The Associated Press reported:

Trail Blazers 119, SuperSonics 107: The Trail Blazers returned to their basic strengths of defense and rebounding to finally eliminate visiting Seattle from the playoffs.

Terry Porter had 23 points and 11 assists, and Clyde Drexler scored 22 points, as the Blazers won the fifth game of the best-of-five series to advance to a second-round matchup against Utah, beginning Tuesday night in Portland.

The Sonics, trying to become the first No. 8 seed to win a playoff series, never challenged seriously after the second quarter in Portland, where the Blazers lost only five times this season.

They led by 22 in the second quarter and 20 at halftime. Seattle never got closer than the final margin in the second half and trailed by as many as 30.

Bulls 105, 76ers 92: Michael Jordan scored 29 points and Scottie Pippen had 24 as Chicago won at home in the opening game of a best-of-seven second-round series.

A hands-up, trapping defense kept the 76ers in check except for Charles Barkley, who scored 34 points before sitting out the final quarter, when the Bulls were in command. Jordan also sat out the final period.

The Bulls opened a 20-point lead in the first quarter, saw it dwindle to 10 late in the half, then came on with another rush to open a 23-point lead early in the second half.

Pippen made a 3-point shot to open that half, extending what turned out to be a 17-4 run that carried over from the first half as the Bulls took a 69-46 lead with 8:50 to go in the third period.

In a Friday game, The Associated Press reported:

Warriors 110, Spurs 97: Tim Hardaway scored 32 points as seventh-seeded Golden State eliminated San Antonio, 3-1, in their first-round series in Oakland.

The Warriors stayed with their four-guard offense most of the way to beat the Midwest Division champions for the third game in a row, and advance to meet the Los Angeles Lakers.

Golden State led by 80-64 in the third quarter and 82-73 going into the fourth before the Spurs pulled to 84-79 on Willie Anderson's lay-in with 9:53 to play.

An 18-foot (5.5-meter) shot by Mitch Richmond and another 3-pointer by Hardaway put Golden State up, 89-79, with 8:59 left.

NBA PLAYOFFS

Enter Clemens, Exit Streak

The Associated Press

CHICAGO — Roger Clemens returned from his five-game suspension and ran into little trouble with either umpire Terry Cooney or the Chicago White Sox, although his shutout streak finally ended.

Although he pitched the Boston Red Sox to a 7-2 victory on Friday night, Clemens's shutout streak ended at 30 innings when Chicago scored two runs on three hits in the first. But Clemens finished with a five-hitter, struck out seven and walked two.

Clemens and Cooney, whose argument in the playoffs led to Clemens's suspension and $10,000 fine, coexisted without incident.

Cooney, umpiring at first base, and Clemens seemed to avoid each other. After taking first baseman Carlos Quintana's throw to the bag for the final out of the fourth inning, Clemens gently tossed the ball to Cooney, then turned and went to the bench on the first base side.

Deer Keeps Pace as Tigers Beat Rangers

United Press International

Rob Deer had four hits Sunday, including two home runs, and Alan Trammell capped a five-run second inning with a two-run double to lead the Tigers to an 8-7 victory over the Texas Rangers in Detroit.

Deer hit a two-run homer off Brad Arnsberg in the fifth and delivered one with the bases empty off Gerald Alexander in the seventh. Alexander was ejected by home-plate umpire Ken Kaiser after hitting Pete Incaviglia, who followed Deer in the order.

Deer, who had three RBIs, has driven in 11 runs in the last six games to boost his total to 23. He improved his home-run total to eight as Detroit won for the fifth time in their last six games.

Walt Terrell (1-3) earned his first victory in six starts this season. The right-hander gave up eight hits and four runs, three earned, in 5⅔ innings, walking one.

Ruben Sierra led off the second inning with his sixth homer of the season to give the Rangers a 1-0 lead, but Detroit came up with five runs in the bottom of the inning to chase Texas starter Kevin Brown (2-2) from the mound.

Blue Jays 3, Royals 0: Dave Stieb allowed two hits over 7⅔ innings and Manuel Lee scored on an error in the eighth inning to break a scoreless tie in Kansas City.

Stieb (3-2) retired the first eight batters he faced and carried a no-hitter two outs into the sixth inning before Bill Pecota blooped a single in front of left fielder Joe Carter.

In Saturday's games, The Associated Press reported:

Indians 20, Athletics 6: After complaining about having a "bad batting practice," Chris James went out and drove in nine runs in Oakland, breaking Cleveland's record for runs batted in.

James hit three-run homers in the first and second innings on Saturday, an RBI single in the fourth and a two-run single in the eighth. He grounded out in his other at-bat in the sixth, and left the game after the eighth.

The Indians combined 21 hits, six walks and two errors in stopping Oakland's team-record 10-game home winning streak.

James became the first player since Eddie Murray in 1985 to drive in nine runs in a game. James broke the team record of eight RBIs, set twice by Earl Averill in 1930 and matched by Pat Seerey in 1945 and Bill Glynn in 1954.

Twins 7, Brewers 4: Greg Gagne homered and doubled twice as Minnesota, in Milwaukee, ended the Brewers' four-game winning streak.

Mark Guthrie limited Milwaukee to three hits in six innings. He entered the game with a 16.88 ERA.

Red Sox 4, White Sox 0: Mike Greenwell hit a two-run double and Tony Pena homered off Melido Perez in Chicago.

Tom Bolton and three relievers combined on a five-hitter for Boston, which won for the fifth time in six games.

Rangers 6, Tigers 5: Julio Franco hit a tie-breaking home run off Jerry Don Gleaton in the ninth inning in Detroit.

Bobby Witt gave up five hits and struck out 13, one short of his career best, before tiring in the eighth inning. He left with a 5-3 lead, the bases loaded and two outs.

Pinch-hitter Dave Bergman then tied the game with a two-run single off relief pitcher Rich Gossage.

Angels 6, Orioles 3: Dave Winfield and Lance Parrish, both breaking out of long slumps, drove in two runs each as California chased Jeff Robinson from the mound in the first inning in Anaheim.

Winfield's two-run double matched his RBI total his previous 42 at-bats and was part of a five-run first. Parrish singled to drive in another first-inning run and added his fourth home run of the season in the sixth.

Mariners 3, Yankees 2: Pete O'Brien had three RBIs, two on a homer in the second inning, as Seattle beat visiting New York in a game that almost erupted into a brawl in the first inning.

The game got off to a tense start in the first after Yankee starter Chuck Cary threw a pitch close to Ken Griffey Jr.'s chin. On the next pitch, Griffey swung and his bat sailed passed Cary's right foot almost to second base.

When Griffey walked out to retrieve his bat, he exchanged heated words with Cary and both benches and bullpens emptied. No punches were thrown and no players were ejected.

Royals 6, Blue Jays 5: Bret Saberhagen won for the first time since opening day as Kansas City took a six-run lead and held on to beat Toronto, stopping a seven-game home losing streak.

AMERICAN LEAGUE

SIDELINES

Record Crowds for Japanese Baseball

TOKYO (AP) — Kazuhiko Daimon gave up only two hits and struck out 10 as the Japanese Central League's front-running Yokohama Taiyo Whales extended their winning streak to four games with a 4-0 victory over the Hanshin Tigers on a record-setting Sunday.

A total of 241,000 spectators watched six games throughout the nation on Children's Day, a national holiday.

The Whales' Jim Paciorek, formerly with the Milwaukee Brewers, singled home the first run in the first inning and teammate R.J. Reynolds, formerly with the Pittsburgh Pirates, doubled home two runs in the fifth.

Feherty Gets First Victory in 2 Years

CANNES (UPI) — David Feherty of Northern Ireland got his first European Tour victory in two years when he shot 3-under-par 69 Sunday to win the Cannes Open by three strokes over Craig Parry of Australia.

Feherty, who last won the BMW International in 1989, had a 13-under 275 total as he moved to No. 2 on the Ryder Cup points list. Mark McNulty, who went into the round tied for the lead, was undone by a double bogey on No. 15 and finished four shots back.

• Tom Kite, regaining the smooth putting stroke that has helped make him the leading money winner in the history of golf, shot his second straight 66 Saturday to lead by two strokes going into the final round of the Byron Nelson Classic in Irving, Texas. Kite's 10-under 200 led a group of five in second: Mike Sullivan, Phil Blackmar, Bruce Lietzke, Stan Utley and second-round leader Nick Price. *(AP)*

• Seve Ballesteros sank a six-meter (20-foot) birdie putt Sunday on the final hole of the Chunichi Crowns Open in Tokyo for his first victory in 13 months, by one stroke over Roger Mackay of Australia. *(Reuters)*

For the Record

Jesper Skibby of Denmark sprinted to his second triumph in the Tour of Spain cycling race, edging Steven Rooks of the Netherlands in winning Sunday's seventh stage. Melchor Mauri of Spain retained the overall lead of the 21-leg race. *(AP)*

North Korea has agreed to play a friendly soccer match with the United States in Pyongyang this year, Japan's Kyodo News Agency reported Sunday. *(Reuters)*

China's Deng Yaping overwhelmed Li Bun Hui of Korea, 21-13, 21-18, 21-14, Sunday to win the women's singles title in the World Table Tennis Championships in Chiba, Japan. Earlier, Peter Karlsson and Thomas Von Scheele of Sweden won the men's doubles title, beating China's Wang Tao and Lu Lin, 16-21, 21-16, 21-14, 18-21, 21-18. *(AP)*

Orlando Canizales of the United States retained his IBF bantamweight title Saturday with a eighth-round knockout of Billy Hardy of Britain in Laredo, Texas. *(AP)*

Gilbert Dele of France retained his WBA super-welterweight title Saturday with a unanimous 12-round decision over South Korean Hwang Jun Suk in Paris. *(AP)*

Pat Riley, former coach of the Los Angeles Lakers and now a commentator for NBC Sports, said he had talked with the NBA's New York Knicks about becoming their next coach and indicated he is interested in further discussions. John MacLeod quit the Knicks last week and on Saturday officially became the coach at Notre Dame. *(NYT)*

Vitas Gerulaitis Sr., who coached his son, Vitas Jr., into becoming one of the world's top tennis professionals and later became the first head pro at the National Tennis Center, died Thursday in Woodhaven, New York. According to friends, Gerulaitis, 76, died of a heart attack. *(NYT)*

Santoro Lifts France Over Australia

Compiled by Our Staff From Dispatches

NIMES, France — France's Fabrice Santoro, an 18-year-old newcomer to the Davis Cup tournament, gained the deciding point Sunday as he beat Australian veteran Wally Masur, 6-3, 6-4, 4-6, 6-1, in a World Group quarterfinal.

The 3-2 victory put France in the semifinals against Yugoslavia, in France on Sept. 20-22.

Santoro had France's hopes on his shoulders after Guy Forget was upset by Richard Fromberg, 6-7 (2-7), 7-6 (10-8), 6-3, 6-3, Sunday to tie the series. Forget and Henri Leconte had given France a 2-1 lead with a doubles victory Saturday.

Santoro, who lost to Fromberg in straight sets Friday, played like a veteran in delivering passing shots.

The unorthodox Frenchman, who hits everything two-fisted, broke Masur in the first and ninth games to take the first set.

Santoro raced to a 5-0 lead in the fourth by breaking Masur in the second and fourth games. He clinched victory on his own serve when he passed Masur with a backhand down the line.

"I owe it all to Yannick," Santoro said of team captain Yannick Noah. "He kept encouraging me, told me not to worry."

It was only the third time in 11 matches since 1922 that France had beaten Australia. *(AP, UPI)*

■ **Borg May Miss Italian**

Bjorn Borg is listed as a doubtful entry for the Italian Open, which begins May 13, The Associated Press reported from Rome.

Organizers said Saturday that Borg, 34, had not confirmed his entry. He reportedly may instead play in Bologna a week later.

He lost his first comeback match April 13 in Monte Carlo. The next day, his wife apparently attempted suicide in Milan.

Eurosport Ends Telecasts, Leaving Void for Viewers

By Leigh Bruce
International Herald Tribune

LONDON — Eurosport ceased operation at Sunday midnight GMT after Rupert Murdoch's British Sky Broadcasting failed to find any takers for its 50 percent shareholding in the pan-European sports network.

Eurosport's programs will now be available only on the national channels that own the rights to them. Other multi-national satellite or cable networks will have to negotiate with those national channels if they wish to pick up any of the programs.

Screensport, the only other multi-national all-sports network on the Continent, can be expected to move swiftly to buy some of Eurosport's programing, like major European tennis and soccer, that it has lacked. Screensport reaches about 20 million homes.

Eurosport, which reached about 25 million homes, was owned jointly by BSkyB and 17 members of the European Broadcasting Union, most of them large public broadcasters like BBC, and Eurosport had the rights to EBU programs.

Other broadcasters, especially Screensport, had complained that the arrangement distorted competition.

Following a complaint filed by Screensport, the Eurosport arrangement was declared anti-competitive by the European Community. BSkyB, which has its own sports channel in Britain, was ordered to divest its 50 percent holding in Eurosport by Sunday.

Negotiations with several serious potential investors — including France's TF1 and a "heavyweight" German consortium — "were very positive but just ran out of time," a BSkyB spokeswoman said.

She declined to say how much the shutdown would cost BSkyB and other Eurosport investors, but said that "we had planned for the possibility, so it will not have any substantial impact on us financially."

Carr and Barcelona Defense Do the Job as 31,490 Watch

The Associated Press

Lydell Carr rushed for his seventh touchdown of the season and the defense forced five turnovers and a safety as the Dragons defeated the Birmingham Fire, 11-6, before 31,490 in Barcelona's Montjuic Stadium.

Defensive end Bruce Clark clinched the World League of American Football victory for Barcelona on Saturday when he blocked Eric Jones's 2-point conversion pass with 9:24 to play. Massimo Manca kicked a field goal five minutes later.

The Dragons scored on the game's first play from scrimmage. Linebacker Eric Lindstrom, who also had an interception and a fumble recovery, dropped running back Elroy Harris in the end zone for a safety.

"I tell our kids that when you get into a season, sometimes you'll get a win that's a little bit ugly," said Jack Bicknell, the Dragons' coach. "I'll be the first to admit this one was ugly."

The Dragons' quarterback, Tony Rice, completed 20 of 25 passes for 354 yards. He sparked an 89-yard drive to Carr's touchdown in the second quarter. Rice also carried the ball nine times for 21 yards.

Carr has a touchdown in every game, but Manca is the WLAF's leading scorer with 44 points.

Galaxy 17, Thunder 14: Tony Baker scored on fourth and one, then added a 2-point conversion with 2:07 remaining as Frankfurt won in Orlando, Florida.

Baker, who set a league record for receiving by totaling 173 yards on seven catches, took Mike Perez's screen pass 50 yards in setting up the winning score from the Orlando 3.

Machine 26, Surge 23: Bjorn Nittmo's 30-yard field goal with 0:03 showing in overtime lifted Montreal in Sacramento, California.

The Surge went into overtime for the second time in two weeks on the strength of John Nies's third field goal of the game, a 31-yarder with six seconds in regulation.

• The WLAF has set a playoff format similar to the one used by the National Football League. The team with the best record will play host to a wild-card team while the other two division winners will meet at the stadium of the one with the better record.

However, if the season ended now, the two best teams, London and Barcelona, would meet in the first round and the team with the third best record, Frankfurt, would miss the playoffs because all three teams are in the league's European Division.

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Writing the High Life Into the Spy Life

By Sarah Booth Conroy
Washington Post Service

WASHINGTON — When Aline, Countess of Romanones, opened the door of her room at the Ritz-Carlton, the Spy didn't wear red. The Spy didn't wear silk. She wore just a blouse and a short slip.

But then 7:55 A. M. is early for a Spanish aristocrat, not to mention for a former espionage agent whose tradecraft included partying all night. But this morning she was up early to promote "The Spy Wore Silk," her new "adventures of an undercover agent," and shrug off questions about whether her best-selling accounts of exploits for the Office of Strategic Services are more exciting than the real ones ever were.

She quickly went undercover, at least to the extent of pulling on a short dark wool skirt. After decades at the top of the Spanish best-dressed list, she's moved down a peg or two "because I'm not in Spain all the time." Besides, "no one looks at your dress if you have wonderful jewelry."

As usual, she had started her morning with exercise. "I lift weights," she said, twisting the top off a recalcitrant marmalade jar. No wonder that on her, 67 looks good.

Until 1987, when her first book, "The Spy Wore Red," was published, she was more the subject of stories than the writer of them. The press reported on the countess escorting the Duchess of Windsor's coffin to its resting place, riding horses with Jacqueline Kennedy and a bullfighter in Seville, and attending Malcolm Forbes's end-of-the-'80s international birthday party in Morocco.

The appeal of her books is more in the vicarious pleasures of the frills of high life than the thrills of espionage. New York dress designer Hattie Carnegie's atelier, where the young Aline was a model in the '40s, provided the clothes for her first job in "The Spy Wore Red."

The late CIA director and former OSS agent William Casey, an old friend, makes a cameo appearance in "The Spy Wore Silk," just published by G. P. Putnam's Sons. He wrote for the dust jacket of her first book that it "sensitively and accurately" reflected "the struggle between the Allied and Axis secret services and the atmosphere and high social life in wartime Spain." Her loyalty to Casey has not abated.

It was Casey who suggested that the countess research declassified materials at the National Archives, said the military intelligence archivist John Taylor. In the OSS records there is a battered file under the code name

Seldom has espionage sounded like so much fun.

"Butch," as Women's Wear Daily recently reported in an article titled "The Spy Stripped Naked," detailing some of the countess's embellishments. In her books, she goes by the code name "Tiger."

Each of her books begins with a disclaimer noting that she "re-created" conversations, merged people into composites ("my editor said I had too many characters"), changed names and sometimes dates, and "attempted to inform and entertain." The stories are "based on the truth," she said.

She became a best-selling author by making the sometimes gory, often boring business seem glamorous. Seldom has espionage sounded like so much fun.

And well it must have been for Aline Griffith, brought up in Pearl River, New York, and suddenly transported by World War II to high-society life in Madrid. In 1943 she was a tall, thin 20-year-old with classic features, a college knowledge of French and Spanish and a lot of what was then called "get up and go." On a blind date with friends, she talked about wishing she could join her brothers fighting overseas.

Not long after, she was invited to come to Washington. Almost before she knew it, she wrote, she agreed to attend spy school in Virginia — to learn safecracking and how to shoot a .25-caliber Beretta and make a weapon out of a rolled-up newspaper. From there she was sent to Madrid.

On her first day in Spain, a handsome young man carried her bags to her room. He turned down a tip. He wasn't the bellhop — he was Luis Figueroa y Pérez de Guzman el Bueno, Conde de Quintanilla, y Conde de Romanones, grandee of Spain, and later her husband. She worked in the Madrid OSS station as a code clerk. "A low-level intelligence job," Susan Watters called it in Women's Wear Daily.

It was not unusual for the staff of American intelligence services, as well as diplomats and journalists, to listen at parties as part of their jobs. A standard joke was that OSS stood for "Oh So Social." In one declassified "Butch" file at the Archives, a report does show her in the process of spying on the high and mighty:

"Legion [a code name] had asked me to look for mainly a Mexican contact of H.'s who might have been the one he had *used to send funds to Mexico.*" It's headed: "Re: Wedding of Prince Max Hohenlohe's Daughter on June L#" (she obviously was not hired for her typing). That a single official file in the Archives doesn't include much verification for the exploits recounted in her books doesn't surprise everybody.

"It's clear she exaggerates her exploits, but who doesn't," said one former OSS agent.

At least Aline de Romanones consulted the records, said Taylor. He has her latest book, autographed, in one of several bookcases of volumes about espionage, presented him by writers who have used the vast files.

Not all the people who knew the countess in Madrid speak well of her. At least one won't speak at all. "I won't talk about her," said Selwa (Lucky) Roosevelt, former chief of protocol. De Romanones knew Roosevelt and her late husband, Archie, when he was chief of the CIA Madrid station. Lucky Roosevelt, de Romanones said, edited her first and only non-spy book, "The Earth Rests Lightly," about her husband's ancient family estate. "No comment," added Lucky Roosevelt.

The count initially was not suspicious of Aline Griffith's activities. When, after they married in 1948, she revealed all, he too thought she was making it up. But he was soon convinced enough to urge her to quit her spying.

Rich Lipski/The Washington Post

Aline de Romanones: Spy books "based on the truth."

"Spying was not only dangerous," she said, "but I have a Spanish passport as well as an American one. My activities could be embarrassing to Spain and my husband's family."

Even so, in her new book set in the '70s, Count Luis is the catalyst for the adventure: When an aristocratic friend learned of an assassination plot against Morocco's King Hassan II, the count asked his wife's help in warning the king. They went to Morocco on a boar hunt. Well, you have to read the book.

The countess took on the odd job for U. S. intelligence through 1986, when she went to Nicaragua for Casey. The next year, her first book came out.

Count Luis died not long after — but not before seeing "The Spy Wore Red" on the best-seller list. Now it is going to be made into a cable movie, scheduled for the end of this year or early next year, when the Broadway musical version of the book, "perhaps with Tommy Tune," is expected to open, the countess said.

Today, she doesn't spend as much time in Spain as she did when her husband was alive. Her three sons and 13 grandchildren are scattered all over the world, so "my houses in Spain seem so large." She has a house in Madrid, with a garden and a pool, but the great house — the family seat, with some parts going back to the 11th century — is on a ranch, where she raises sheep and has acres reserved for partridge shoots. She now spends much of her year in a small apartment in New York City, whence she promotes her books and lectures about her life and the necessity of espionage.

The countess complains about the controls on espionage exercised by Congress. "Other countries are not so hampered," she said. "We had much more freedom when I was first recruited."

LANGUAGE

'Correct Thinking' on the Campus

By William Safire

WASHINGTON — What does "PC" stand for? If your impulse is to blurt out "personal computer," you have gone software in the head. If those letters evoke memories of the Peace Corps, you are antediluvian. A percentage of postcards from hypochondriacs will insist that the initials stand for the Latin direction *post cibum*, "after meals," the only digestively conducive time to pop certain pills.

Those of us with slanguistic *Fingerspitzengefühl*, however, know that the initials stand for the most controversial phrase on college campuses today: *politically correct*. In "Thatch," a comic strip by Jeff Shesol of Brown University, a heroic character slips on a cape and supermanly tights with "PC" emblazoned on his chest. It's not a nerd, it's not a plane, it's . . . Politically Correct Person!

"There is a new McCarthyism that has spread over American college campuses," writes Max Lerner, an old-line liberal. "We call it 'political correctness.'" The new Random House Webster's College Dictionary defines the term as "marked by or adhering to a typically progressive orthodoxy on issues involving especially race, gender, *sexual affinity* or ecology."

I would edit that definition to denote *politically correct* as "an adverbially premodified adjectival lexical unit used to attack liberal conformity on sexual, racial, environmental and other voguish issues."

Item: "At the State University at Binghamton," Frank Herron wrote in The Syracuse Herald-Journal in March, "a meeting of a group formed to resist the pressure to conform to 'politically correct' speech was crashed by about 150 students, some carrying sticks."

Distantly related item: "A professor at the University of California at Santa Barbara noted that *pet* had become a derogatory term," wrote Stephanie Schorow of The Associated Press, "at the insistence of animal rights activists. The politically correct term was now *companion animal*." When the professor facetiously wondered if some magazine centerfold models would soon be called Penthouse *Companion Animals*, 15 women promptly filed sexual harassment charges.

Linguistically sensitive Newsweek warns students: "Watch what you say. There's a politically correct way to talk about race, sex and ideas." The New Republic rejects that discipline, seeing "the imposition of political correctness" as meaning "our universities, which should strive for an identity in contradistinction to the world at large, have become distillations of our bitterest social divisions."

□

The first citation I can find for the incendiary phrase dates from a December 1975 statement by Karen DeCrow, then president of the National Organization for Women. She claimed that a dissident faction felt that feminism was only for "white, middle-class, straight women" and insisted NOW was moving in the "intellectually and *politically correct* direction." The phrase began as an assertion by liberal (progressive, concerned) activists and then was turned into an attack phrase by conservative (right-wing, heartless) passivists.

The first word in the phrase is a "premodifier" — an adverb that modifies and then fuses with an adjective to form a compound modifying a noun. As Quirk, Greenbaum, Leech and Svartvik note in their "Grammar of Contemporary English," such adverb premodifiers often express viewpoints: *politically expedi*, *artistically justifiable*, *economically feasible*, *theoretically sound*, *ethically wrong*, and as girls from Brooklyn said of boys from Bronx Science, *geographically undesirable*. Of all these married modifiers, *politically correct* has become the most tightly wedded.

The origin is in *correct thinking*. "Where Do Correct Ideas Come From?" was the title of a 1963 thoughtful Chairman Mao Zedong, one of those later collected in little red book that sold in numbers that still publishers sigh. The chairman thought on: "Do drop from the skies? No. Are they innate in the No. They come from social practice, and from it alo

The Maoist phrase was also translated as *correct thinking*, as shown in this 1977 use by Kenneth T of The Washington Post on the glories of Dr. Bro Cel-Ray tonic: "This beverage not only quenches thirst . . . but serves as a talisman and a cultural as well, a sign of goodness and correct thinking even Chairman Mao would have appreciated."

To dedicated Communists, *correct thinking* was disciplined inculcation of a party line expressed forms of social and political intercourse." When adopted self-mockingly by conservatives in the U States, it meant usually "one of us." The colu George F. Will described Irena Kirkland in 1983 life-affirming person and one of Washington's d or so Correct Thinkers."

To both left and right, then, *correct* came to "reflecting the opinions of the group"; in the late when the right went after the conformity of the college campuses, the affirmation of *politically* became an epithet.

Briefly now to the issue of vocabulary who try to enforce "correct" language. Exam taboo-boos can be found in the list com fellows at the University of Missouri Mult Management Program: *feminine* "can be o able to some women"; *codger* or *geezer*, "an o able reference to a senior citizen"; Jew, "some find use of *Jew* alone offensive and prefer *person*"; and *swarthy*, "avoid all unnecessa ences to skin color, such as yellow."

A Syracuse law student, Dennis F. Chiapp notes in a recent letter about all such lingo-p "From what I can see, the end they seek is the of all language that brings to anyone's mind a or in any form degrading image. Is this possib any language be written so 'correctly' as to inv pleasant or neutral feelings?"

My correspondent, a profound rather than *thinker*, follows up: "With the removal of derision, will the prejudices also disappear — these new terms adopt connotations that use old terms may have seen in those terms?"

The opinions of Lex Irregs are solicited; we the debate here to specific choices of words raf diatribes about "correct" subjects and attitude

Some words of derision hurt; they should be fied as slurs in at least one sense and avoided. — from *pert* and *petite* to *soulful* and *wannabe* getting a bad rap from the hypersensitive. The munication question to be asked is not "Cou possibly offend?" but "Does this get the in point across?"

New York Times Service

Today's

INTERNATIONAL RECRUITMENT

Appears on Page 4

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